

75th
ANNIVERSARY

Merchandising

A GRALLA PUBLICATION

JANUARY 1982

THE NATIONAL MAGAZINE FOR ELECTRONICS ■ HOUSEWARES ■ MAJOR APPLIANCE RETAILERS

IT'S SHOWTIME!



WINTER CES

Thrill to the sales potential of today's exciting electronics



HOUSEWARES EXPO

Tour more square feet of housewares than ever before



HOME BUILDERS' SHOW

See all of the new major appliances under a single roof



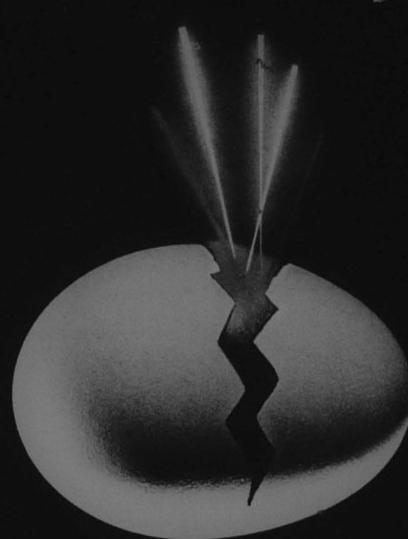
Weekend expos:

- draw crowds,
- build sales,
- boost awareness for innovative electronics stores



New York
Video displays
\$32,000 media rooms
and racks up sales
with the
price-unconscious

JOINCING



ATARI'S new arrival.
The spectacular Supergame System.



At Booth #610

CES PREVIEW

New product intros highlight the Winter CES in Las Vegas

By William Silverman, sr. assoc. ed.
NEW YORK—Some of the new audio products on display at the Winter Consumer Electronics Show could substantially improve what has recently tended to be a disappointing category for many retailers.

While the digital audio disc should eventually provide a revolutionary shot in the arm for many stores, in the meantime, more evolutionary products will be shown than ever before.

These include cassevers, which have been gaining in popularity because consumers like their space-saving qualities. Another space saver, miniature hi-fi components, also have been advancing. And very popular in the past year, matched, racked audio systems will be everywhere as vendors fill out their lines.

Manufacturers are also fleshing out their boombox lines. Also, Dolby C and Dbx are finding their way into more and more cassette decks.

With most of the video action taking place at the summer CES, in fact, audio could be the star of the show.

Still, more component video will be exhibited, now that stereo television is almost around the corner.

Other video attention grabbers include the Hitachi stereo CED disc



player and tubeless VCR camera; the JVC stereo, four-head VCR, and a Pioneer high-end laserdisc player featuring CX noise reduction. A new videodisc from Magnavox, featuring videogames, might also be shown.

In fact, retailers attending the show can choose among an unprecedented selection of electronic game products. Not only will videogame manufacturers show new software, for instance, this time, there will also be new hardware.

The popularity of arcade games will also help sell more personal computers than ever, vendors and retailers hope. Self-contained electronic games will also be back in force, at least as far as the leading companies are concerned. "I predict four or five major influences in the portable electronics business," said Mattel vice president of sales Richard Hoag, "the ones with the marketing and financial wherewithal to make it happen."

In addition, more calculators and watches will feature games. What appeared as an innovation at the last CES figures to become a trend.

One reason is that calculators are now a replacement business, and vendors want to insure their market shares. "We're saying, why not have fun with your calculator," added

Casio president John McDonald. For a look at some of the merchandise that will make its debut at the show, see the audio products on pages 60-70, the video products on pages 42-44 and the personal electronics products on pages 81-83.

Besides being the industry's primary marketplace, the show is also a semi-annual convention. More than 15 hours of conferences will focus on new products, marketing trends and merchandising techniques.



NEW PRODUCTS of all kinds will be featured at the Winter CES in Las Vegas, Jan. 7-10.

IF YOU'RE NOT CURRENTLY SELLING SAMPO TELEVISION OR SAMPO PORTABLE SOUND, WHY NOT?

SAMPO Corp. of America, one of the fastest growing manufacturers in the consumer electronics field, has been providing your competition with high-quality, high-technology and high-profitability product.

SAMPO

wants to do the same for YOU!

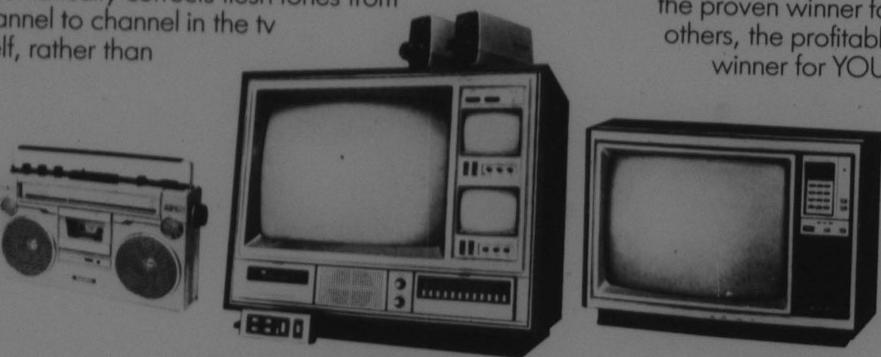
The SAMPO Television line features black-and-white tv's; small-screen portable entertainment centers with both black-and-white and color tv screens; specialty televisions like the SAMPO Tri-Screen and a full line of color televisions now featuring the Mira-Color Circuit that automatically corrects flesh tones from channel to channel in the tv itself, rather than

at the broadcast studio.

SAMPO's portable sound line also features a wide-range of high-performance product. Multi-band stereos with cassette/play/record, various power sources, including 110 and 220V, and almost every popular option. Plus—SAMPO has one of the most extensive customer service networks in the United States.

So if you're not selling SAMPO now—come to our new Booth 717 at the Winter Consumer Electronics Show and make the proven winner for others, the profitable winner for YOU!

SAMPO WANTS YOU!



Excellence in electronics since 1936

SAMPO

SAMPO CORPORATION OF AMERICA, 1050 Arthur Ave., Elkhorn Village, IL 60007 Phone: (312) 364-6900

Merchandising



THE COFFEE TABLE CONTROLS all the equipment in New York Video's media living room. Designed by president Giovanni Cozzi (inset), it contains remote controls for the projection TV and stereo system. In addition, it houses a VCR, a videodisc player and a videogame. The room's lights can be raised or lowered, as well.

Media living room, bedroom cost \$32,000 at N.Y. Video

By Pamela Golden, associate editor

NEW YORK—Two complete media rooms—a living room and a bedroom—featuring the latest in projection TV, video recording and playback devices, videogames and audio equipment, are now on display and for sale at New York Video.

Carrying a price tag of \$32,000, the rooms are completely operated by remote control with the electronics hidden in a specially constructed coffee table in the living room and in the bed headboard in the bedroom.

Several rooms, based on the displays at New York Video, have already been installed and about 10 more are currently in the design phase. Obviously aimed at an upscale clientele, the rooms' price has, up to now, not been a factor among the store's customers.

If anything, the problems have hinged on design. For example, one client needed a special ventilating system to keep the steam from his hot tub from damaging his projection TV.

But by working closely with interior designers, New York Video has been able to overcome all of the challenges it has faced to date.

A recent expansion of floor space from 1,200 sq. ft. to 5,000 sq. ft. gave New York Video, formerly New York Giant Screen, the opportunity to install the two sample media rooms.

According to president Giovanni Cozzi, although the two setups, as is, would cost \$32,000, the price could be dropped to as little as \$8,000 if less equipment were included.

The model living room features a two-piece, ceiling-mounted Kloss projection television with a 10-ft. screen that disappears into the ceiling. A custom-made coffee table, with a glass top for easy cleaning, houses all other video equipment plus the remote control panel.

Cozzi created the room's concept and designed the table himself. All the equipment, a Pioneer videodisc player, a Panasonic industrial video-cassette recorder (used because of its extra features), a Bally videogame and the Audio Command remote are hidden in the table. There are sliding doors on all four sides for easy access to the units.

Across the room, next to the television screen, is an SAE audio component system. It too is controlled from the coffee table.

In addition, all of the electronic equipment, except for the television, can be operated by another remote control unit in the bedroom. A second two-piece ceiling-mounted Kloss projection TV is located there, and four speakers, two above the bed and two above the screen, relay the sound.

(Continued on page 89)

OUR 12 NEW CARTRIDGES WILL LEAVE YOUR CUSTOMERS SPEECHLESS.



Stalker.™ Between the monster in the rear and the creepy crawlies up ahead, this one is definitely not for the squeamish.

Then there's the incredible new underwater adventure game, **Subhunt.**™ Where the object is to defend your shore against convoys of enemy ships.

And finally, **Space Hawk.**™ How long will your nerves hold out against the enemy's intergalactic gas vapors?

Of course, these are just a few of the year's best reasons to stock Intellivision.* Just turn the page, and we'll tell you about a few more.

Stunning graphics. Brilliant colors. And incredibly realistic game play. Intellivision has plans for 1982 that will take your customers' breath away.

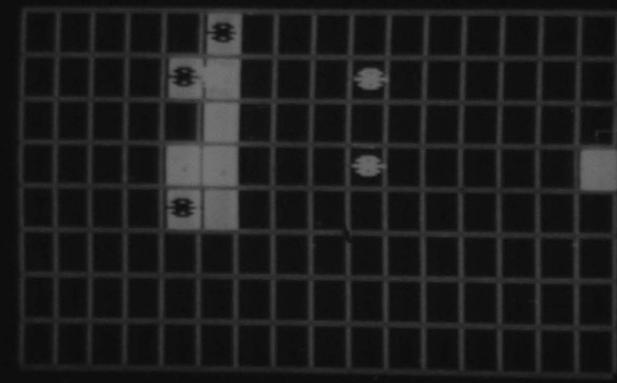
Currently, we're planning the introduction of 12 innovative new video games by July.

Beginning with **Star Strike,**™ which is shown on the left. The one with graphics so realistic you almost feel like you're flying.

Including the exciting new labyrinth chase game, **Night**

MATTEL ELECTRONICS®
INTELLIVISION™
Intelligent Television

3550



BUT WHAT WILL THEY SAY TO INTELLIVISION NOW THAT IT TALKS?

Twelve new cartridges aren't all your customers will hear about in 1982. They'll also be hearing Intellivision talk.

Thanks to Mattel Electronics' most exciting new breakthrough to date. The Intellivoice module. Used with special Intellivoice cartridges, sold separately, the module electronically adds a new dimension of game play excitement with human sounding voices.

And speaking of excitement, Mattel Electronics is planning the most aggressive combination of network and spot television and national print advertising ever. Our budget is the biggest in our history. And our plans include a major consumer promotion for every quarter.

So this year, Intellivision won't just be better. It will be better known, too.

MATTEL ELECTRONICS®
INTELLIVISION™
Intelligent Television

“I’LL TAKE IT.”

Manufacturers launch upgraded videodiscs expecting widespread consumer acceptance

By Pamela Golden, associate editor

NEW YORK—Even though video-disc sales remain soft—in 1981, RCA sold about 60,000 players and Pioneer and Magnavox together sold about 80,000—the manufacturers all remain convinced the product is viable and will achieve widespread consumer acceptance shortly.

Some, like Pioneer and Hitachi, are debuting upgraded products this month at the Consumer Electronics Show. Others are waiting until spring to introduce their second-generation models.

Depending on the economic situation, video suppliers are anticipating that 1982 will be an upswing year, mainly due to stronger software catalogs and disc supplies in all formats as well as increased consumer interest spurred on by expanded advertising and point-of-purchase efforts.

Several factors are contributing to the current sales slump. According to most manufacturers, the slow economy and high interest rates are the most prominent. And, they point out, it is not just videodiscs that are not moving. Apparently, all products are sitting on the shelves and in store-rooms longer than usual.

New Pioneer unit debuts

Although Pioneer Video, Inc., (PVI) says it will concentrate more on developing software this year, Ken Kai, president, said he will also show an upgraded laserdisc at CES.

The high-end unit, which has an optional remote control, front controls and a CX noise reduction decoder, will list for about \$1,000. The player is designed to be part of a video component system, which Kai says will be introduced later this year. It will contain a television monitor, a speaker system and a tuner. Price has not yet been determined.

At the present time, Pioneer Artists, the software arm of PVI that produces classical music, opera, ballet and drama discs, has four titles on the market. However, according to Barry Sherick, president, "things are really moving now."

He explained that he has 17 titles ready to go to the manufacturing facility, "but I have to decide which I want to send first." In the past, Sherick has had trouble getting the masters for the titles he wanted to produce, "but fortunately, it is a whole different ball game now."

32 projects underway

The Optical Programming Association, which provides interactive programming for laserdiscs, has also been busy. While there are only three interactive discs on the market right now, the organization has 32 projects underway.

And according to John Messerschmitt, vice president, N.A.P. Consumer Electronics, "We can expect to see 12 to 15 new interactive discs this year." He also mentioned that Laser-Vision Association is in the process of putting together a special art disc series and an Olivia Newton-John concert that was taped in Hawaii.

Messerschmitt says the laser system is in a very good position right now, reporting that about 80,000 players were sold in 1981 and that

between 175,000 and 225,000 will reach consumers' homes this year. "I have always been working for a 50 percent market share, and I think we are going to make it," he predicted.

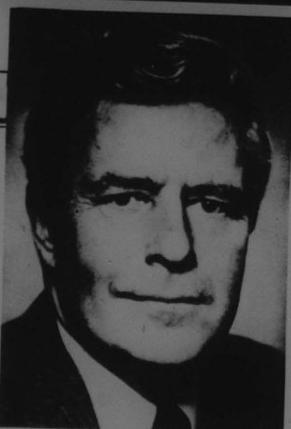
He also noted that even though the player numbers are low, the videodiscs themselves are selling quite well. In 1981, about one million albums were sold and he anticipates that between five and seven million will be purchased in 1982. "All the major studios are on board now, and most of them have stereo titles. Their

activity in this business will make all the difference," Messerschmitt concluded.

Magnavox will introduce a second-generation player this year as well as videodisc games. A third-generation model will be available in 1983. Specific design and features have not been determined yet.

Even though RCA will not introduce its stereo CED videodisc player until May, Hitachi is showing its version at CES. A price has not yet

(Continued on page 134)



175,000 TO 225,000 laser videodisc players and five to seven million discs should be sold in 1982, says John Messerschmitt, NAP vice president.

PDMagnetics... the brand new source for high performance cassettes.

With a new family of high performance cassettes, PDMagnetics brings you a profitable way to boost sales by offering your customers an exciting new choice.

PDMagnetics will attract your customers with top-of-the-line products, dynamic new packaging, effective co-op advertising, informative product literature and fresh point-of-sale displays.

No brand new cassette manufacturer has ever come to market with so much know-how.

A heritage of tapemaking innovations from Philips and DuPont.

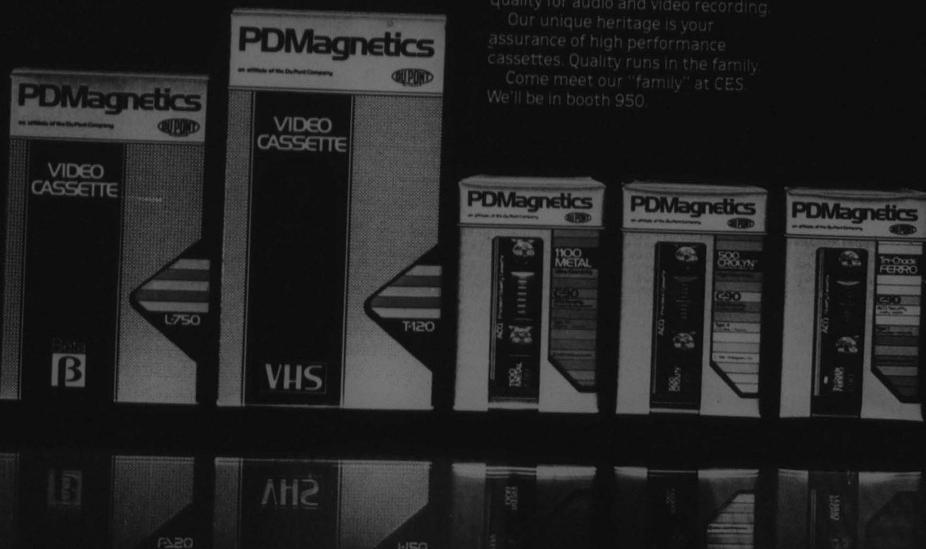
As a joint venture of Philips and DuPont, PDMagnetics inherits the expertise of two of the most respected names in magnetic recording technology.

From Philips comes the creativity that brought you the audio compact cassette, the audio cassette recorder, and produced the first home video cassette recorder.

From DuPont we gain the technical skills that invented chromium dioxide magnetic particles—the standard of quality for audio and video recording.

Our unique heritage is your assurance of high performance cassettes. Quality runs in the family.

Come meet our "family" at CES. We'll be in booth 950.



PDMagnetics

Quality runs in our family.

VIDEO

Retailers drop videodisc hardware prices, but software volume helps maintain profits

By Kirby Shyer, contributing editor

DALLAS—Although sales of videodisc players continue to be extremely slow, a number of retailers believe that as hardware prices drop the systems may eventually be able to stand up to the stiff competition they are getting today from videocassette recorders.

The improving software situation should also help sales in the long run. Disc availability is still a prime concern of consumers who may be debating between a VCR and a disc

player, according to several retailers interviewed. And the depth of prerecorded tapes available today makes the disc system seem less appealing to prospective buyers.

In addition, the technology appears to be improving. Both laser and CED systems experienced technical problems when they were introduced, but retailers report these have tapered off recently.

Although the dealers have tried all kinds of promotions—from sidewalk sales to rebates to free disc giveaways

—they generally have not helped. In fact, several said, these events, aimed at boosting videodisc system sales, have instead tended to help move more VCR's.

As a result of all this, few of the dealers interviewed expressed any interest in carrying players of the third format, VHD, now scheduled for introduction this spring.

What do retailers see for the disc systems in the future? Some say they will eventually find their niche next to the VCR—just as the turntable and

cassette deck stand together in a stereo system.

Others, however, think they already have been a dead product for a long time.

"RCA units are selling relatively well lately," stated Craig Curtright, president of Video of Texas, Dallas. The five-store chain has sold Magnavox laserdisc players since it opened in August 1980, and RCA CED-format players since they became available in March 1981.

Customer interest in the RCA unit is attributed to decreasing hardware price and increasing software availability. Curtright indicated that the Magnavox system has never sold well because of its high price, putting it in direct competition with VCR's. Video of Texas sells the Magnavision system at \$649 and the RCA system at \$399 plus a \$50 manufacturer rebate.

Sales picking up

"Our RCA price is down from \$499, which has lowered our profit margin," according to Curtright, "but it's helping our software sales." An average of 15 discs are sold for every one unit, he said.

Each of the five stores stocks approximately 100 videodiscs, 10 CED's for every one laserdisc. First-run movies are the best sellers, while music and how-to discs are expected to increase in popularity as more people purchase hardware.

A videodisc trade-in program has been very successful for the chain. For only \$3, a customer can trade any disc for another as long as the trade-in disc is in good shape. The one requirement is that the customer must buy his first disc from one of the stores. "If he wants to trade in five at a time, then five must have been bought from the store," explained Curtright.

Video of Texas has had very limited success with its advertising campaign for disc systems. The ads emphasized in-store demos and were careful not to tie the videodisc players to the VCR's.

A sidewalk sale this past fall produced a minor victory in disc player sales for the chain. "We sold four in one weekend, and that was a lot," stated Curtright.

In general, two types of customers purchase videodisc systems from Video of Texas, according to Curtright: people with large disposable incomes and those looking for a less-expensive alternative to VCR's.

For the future, Video of Texas will

(Continued on page 134)



Only Bush has a traditional touch.

More American homes are furnished in a traditional style than any other. That's why Bush is introducing "Classic Elegance", the only traditionally styled electronics furniture line.

Finished in a handsome oak vinyl veneer, "Classic Elegance" has the richness and good looks of fine traditional furniture at non-traditional prices. Available as a complete entertainment center, or as separate video or audio cabinets, "Classic Elegance" will sell to the previously untapped traditional market.

Put Bush on your floor, and add a whole new dimension to your electronics furniture sales. Because, for your traditionally minded customers, only "Classic Elegance" will do.

Come and see us at CES Booth #919.

Bush Industries, Inc. 312 Fair Oak Street, Little Valley, New York 14755 phone: 716-938-9101



Bush
Another Good Idea



VIDEODISC PLAYER sales continue to be disappointing, according to many retailers. Software, however, often moves very quickly.

VIDEO/CE PRODUCTS

JVC's Dolby stereo VCR lists for just under \$1,600 price tag

ELMWOOD PARK, NJ—JVC has become the second manufacturer to market a stereo videocassette recorder with the introduction of the HR-765OU.

The VCR, which is available now and has a list price of just under \$1,600, offers stereo sound with Dolby noise reduction and is front loading. This four-head player has two/six hour recording and two/four/six hour playback as well as 14-day, eight-event programmability.

In addition, the VCR's tuner allows for programmability of 105 cable channels, as well as an editing feature by which both video and audio sequences can be inserted into a previously recorded one. The VCR also has an automatic editing function which JVC says provides clean assemble edits. During recording when the pause button is pressed the tape is automatically back-spaced and stopped, to allow for the transition to the next program.

An infrared wireless remote is standard. Remote features include on/off, shuttle search in forward or reverse, TV channel selection, slow motion, frame advance, audio dub,

pause/still, and record and play.

JVC is also introducing portable color TV and stereo radio cassette recorder with external audio/video capabilities. The CX-710 US, can serve as a monitor for a camera and portable VCR.

The unit can be operated in four ways: plugged into an outlet, with 10 ordinary batteries, with an optional rechargeable battery pack or the optional car adapter.

The radio offers AM/FM reception with stereo sound via two four-in. speakers. It also features a sleep mechanism to turn off the radio. The cassette deck is compatible with metal tape and has two built-in



JVC stereo VCR

microphones, plus a mike mixing facility and Biphonic circuit for recording and playback of binaural sound.

Measuring 5-1/16-in. high by 16-5/8-in. wide by 11-13/16-in. deep and weighing 16.3 lbs., the CX-710 carries a suggested list price of \$699.95.

U.S. JVC Corp., 41 Slater Dr., M, Elmwood Park, NJ 07407.

Entertainment unit introduced by Bush

LITTLE VALLEY, NY—A home entertainment center, video cabinets and a TV cart have been introduced by Bush Industries.

Home entertainment center, model 6790, features solid hardwood end frames, and top rail finished in walnut. Two sets of split safety tempered tinted glass doors provide protection for components yet permit easy viewing. Tape and record storage is also protected by the glass doors.

The unit measures 29 in. by 51-1/8 in. by 17 in. The suggested retail price is \$289.95.

Bush has also debuted video cabinet V380. The slip-in TV area can accommodate a 19-in. TV and includes back spacers for narrower sets. A combination slide-back solar bronze glass top with wood grain trim, and drop front glass door provides protection for video equipment. Both top and front doors are made of solar bronze tinted safety tempered glass.

Overall dimensions of the unit (with casters) are 46-3/4 in. by 19-3/4 in. by 28-3/4 in. The suggested retail price is \$239.95.

The TV cart offers enclosed storage for videocassettes, videodiscs or TV

Sanyo shows three 19-in. color TV sets

COMPTON, CA—Three 19-in. color televisions have been added to Sanyo Electric's line of products. All three sets feature solid-state construction, electronic scan tuning and



Sanyo's color TV 91C89

in-line gun, slotted mask and black matrix picture tube.

Model 91C81 has a suggested list price of \$479.95 and has electronic sensor scan tuning, trimatic color control, automatic frequency and phase control and a surface acoustic wave filter that is designed to eliminate adjustment fluctuations.

Model 91C85 has the same features, but also offers a wireless remote control. It has a suggested list price of \$539.95.

The most advanced set is model 91C89 which is cable ready and receives 105 channels. It has a 10-key infrared random access remote and VIR circuitry. In addition, the set has a built-in LED digital display for time and channel number, and an ABC brightness and contrast control to adjust the picture for changes in room lighting. The set has a suggested list price of \$619.95.

Sanyo Electric Inc., 1200 W. Artesia Blvd., M, Compton, CA 90220.



Bush home entertainment center

Video Supply has 14-pin connectors

NORTHVALE, NJ—Comprehensive VideoSupply Corp. has introduced 14-pin video connectors, cables and adapters designed to link Beta VCR's and cameras with other models of VCR's or video cameras, as well as monitoring or dubbing equipment.

The line features one-stop connection with a variety of consumer VCR or color camera models. It frees video users from being locked into brands or taping formats when buying new equipment.

The selection also includes extension and hook-up cables to provide free movement and longer distances between cameras and VCR's.

In addition, 14-pin audio and video breakout adapters allow most brands of dubbing and monitoring equipment to be used with portable Beta VCR's.

Comprehensive Video Supply Corp., 148 Veterans Dr., M, Northvale, NJ 07647.

Total Video debuts push-on F adapter

SAN DIEGO—Total Video Supply has introduced a push-on F adapter to its line of consumer video accessories. The A-134 adapter attaches to existing F cables, enabling user to make connections easily.

Also introduced, RF modulator,



RF-200 modulator

RF-200, takes separate audio and video signals and combines them into an RF signal. The signal can then be used by any regular TV set. The unit is switchable from channel three to four.

The RF-200 measures 6-3/16 in. by 2-3/4 in. by 2 in. and is priced at \$69.95. It comes with a 90-day limited warranty.

Total Video Supply Co., 9060 Clairemont Mesa Blvd., M, San Diego, CA 92123.

game cartridges. Model 7580 has swing-open doors, reversible to either caned or wood grain finish. The cart has a light walnut-grained vinyl veneer finish, with matching hooded casters.

The unit measures 21 in. by 29 in. by 15½ in. and sells for \$79.95.

Video unit, model 7586, features a fully retractable roll-out shelf. The lower cabinet area has large swing doors, reversible to either caned or wood grain finish, which enclose a storage area.

The unit measures 28 in. by 29 in. by 15½ in. with casters. Suggested retail price is \$109.95.

Bush Industries, Inc., 312 Fair Oak St., M, Little Valley, NY 14755.

Video switcher has 5 inputs, 3 outputs

FRANKLIN PARK, IL—A electronic video switcher with its own amplifiers has been added to Quasar's line of products for the Winter CES. With a suggested list price of \$119.95, the Video Controller VE-581U has five inputs and three outputs.

It allows viewers to record from three inputs (VCR, disc and antenna/cable). It also connects to a video game or auxiliary equipment, such as a computer.

Quasar, 9401 W. Grand Ave., M, Franklin Park, IL 60131.

Video luggage line fits cameras/VCRs

TAHOE PARADISE, CA—Video luggage for VCR's, video cameras and tripods is available from TakeOne Video Products.

The camera case comes in two sizes, with interior foam molded to hold the camera firmly in place.

The VCR pack's strap system allows the user to carry it in four ways. A Velcro panel opens for quick access to controls. The double-zipper pulls can create a cord opening anywhere along the top or sides of the VCR unit. Suggested retail price for the small VCR pack is \$59.95, \$69.95 for the medium size.

The company also offers a case for a video tripod. The suggested retail price for both the small and medium sizes is \$59.95.

All cases are available in both silver or desert sand colorations and sport an abrasion-resistant Cordura exterior.

In addition, seven- and 10-amp Nicad battery packs are available.

The seven-amp pack lasts four to five hours, while the 10-amp packs last six to seven hours. The battery pack is shock-resistant and is designed to be worn as a belt. Suggested retail price is \$650 for the seven-amp pack; \$800 for the 10-amp pack.

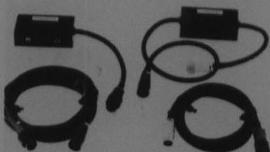
TakeOne Video Products, Box 11377, M, Tahoe Paradise, CA 95708.

Three dust covers fit videogames

BRONX, NY—Three new dust covers from RMS Electronics custom fit popular videogame machines.

Model VGC-78 covers the Magnavox Odyssey game; model VGC-88 covers the Atari or Sears games, and the VGC-98 fits Mattel's Intellivision. The suggested retail price is \$7.65.

RMS Electronics, Inc., 50 Antin Place, M, Bronx, NY 10462.



14-pin video accessories

VIDEO/CES PRODUCTS

Switch and control center, VCR cleaner, VHF-TV antenna join Radio Shack's line

FORT WORTH, TX—Radio Shack has added a video switching and control center, four VCR compatible devices, a complete cleaning kit for VCR's and a VHF antenna for automobiles to its line of video products.

A compact pushbutton video switching and control center is designed to eliminate the bother of repeatedly changing cable connections. The Archer Video Selector, model 15-1260, features two banks of pushbuttons which provide all necessary switching and signal routing between four 75 Ohm coax inputs and one phone jack to three 75 Ohm coax outputs. The unit retails for \$79.95.

Four devices designed for use in conjunction with videocassette recorders have also been introduced. Two antenna splitters are available.

Hitachi introduces tubeless camera

COMPTON, CA—Hitachi has introduced the first tubeless, solid-state color video camera for home use. Priced just under \$2,000, the camera, VK-C1000, features a 2/3-in. MOS image sensor which includes four



Hitachi VK-C1000 camera

additive complementary color filters, an NTSC color system, internal synchronization and a C-mount lens.

The camera weighs 3.9 lbs. and according to Hitachi this unit gives a no-smear picture. The f 1.4 lens has a 6x zoom with macro setting, automatic iris, a 1-1/2 in. black and white electronic viewfinder and a uni-directional boom-type electret condenser microphone.

The image sensor comes with a full year replacement warranty.

Hitachi Sales Corp. of America, 401 W. Artesia Blvd., M, Compton, CA 90220.

Video unit removes copy-guard signal

PLATTSBURGH, NY—The ETCO Sur-Copy VR1 removes copy-guard from the video signal to provide replay without distortion or loss of sync. Elimination of the copy-guard signal also permits replay of prere-



ETCO Sur-Copy VR1

Models 15-1251 and 15-1252 each provide a 75-ohm VHF output and 300-ohm UHF and FM outputs. Each retails for \$4.95.

Archer VTR/TV matching transformer, model 15-1253, provides a 75-ohm output from a 300-ohm screw-terminal input. The unit retails for \$2.99. And a coaxial 75 ohm A/B selector switch, model 15-1254, can be used with TV, VCR, videodisc, cable and multiple antennas. The switch is available for \$4.95.

Also available is a cleaning kit for VCR's. It stores like a videotape and includes everything needed to clean heads, rollers and capstans on all types of home videocassette equipment, claims Radio Shack. Model 44-1172 retails for \$9.95.

The 15-1610 mobile VHF-TV antenna is designed for travel. The unit mounts to the gutter or window of most cars, trucks and vans and sells for \$29.95. The antenna is a chrome-plated dipole, and comes ready to



Archer Video Selector

install with mounting hardware.

Tandy Corp./Radio Shack, 1800 One Tandy Center, M, Fort Worth, TX 76102.

Marshall video switchers control signals

CULVER CITY, CA—Marshall Electronics, Inc. has introduced a series of video-switching control consoles for home video systems. The series includes three RF (VHF/UHF) switching consoles and one direct audio/video switcher.

Model MCC-500 is a five-way high-isolation RF switch that can pass signals in any direction. The unit can provide control of five program sources to a TV or video recorder or

can send one signal to five selectable locations. Vertical mounting of the switches prevents cable and cabinet movement during program selection. The suggested retail price is \$59.95.

The switch used inside the MCC-500 is also available in modular form for custom installations. The RFS-51 comes in an all metal housing with separate front panel for mounting in wall or custom cabinets. Up to six units can be interconnected to provide up to 25 selectable positions. By using splitters and amplifiers many complicated requirements can be met. Suggested retail price is \$49.95.

Model MCC-502 is similar to model MCC-500, but also provides the ability to watch any three programs while recording two. Suggested retail price for model MCC-502 is \$69.95.

Also introduced is model AVS-105, providing five positions for direct audio and video dubbing and monitoring. Each switch controls both video and audio signals at the same time.

By putting two switches in the same position, the equipment plugged into those positions can be connected. Up, down and off positions operate independently so both bus lines can be used at the same time. The suggested retail price for model AVS-105 is \$69.95.

Marshall Electronics, P.O. Box 2027, M, Culver City, CA 90230.



Marshall switching consoles

Gusdorf's electronics furniture intros include 6 audio/video cabinets, TV cart

ST. LOUIS, MO—Gusdorf Corp. has introduced 13 electronics furniture models including six audio/video cabinets, a TV cart and two component files.

Audio/video cabinet models 2985 and 2980 are split-level credenzas created from side-by-side cabinets, one slightly lower than the other. This design permits the lower cabinet to be connected at either the right or left of its partner.

The lower side has a gallery shelf that is sized for up to a 19-in. color TV and a storage cabinet below for accessories, software or additional equipment. The taller side is crowned by a compartment that has been designed for a VCR, videodisc or turntable. A bubble-like plastic canopy top assures protection from dust. Two safety doors run the height of each unit.

Models 2920, 2925, 2959 and 2955 are all three-tier cabinets. The former two have a slip-in mid-section that can house up to a 19-in. TV. The styling of the latter two differs only in that the mid-section has a glass door cabinet with an adjustable interior shelf. All four have a bottom storage cabinet.

Models 1755 and 1775 have been added to the VistaRak series. Sporting the paradise hickory finish, the units feature chrome trim and accent molding. The top glass canopy lifts for access to the turntable and four shelves below adjust for arrange-

ment of componentry.

A TV cart, model 4850, with paradise hickory finish has ebony hooded casters to allow for portability.

Also available is model 2510, a low streamlined video cabinet. It holds a 19-in. TV on the top gallery shelf. Below, glass doors open into a retractable shelf for VCR or videodisc plus additional storage space.

For single-component, compact stereo systems, model 1745 has been introduced. It features chrome trims and a double glass door album cabinet.

Rounding out the line are two component files, models 1865 and 1860.

Gusdorf Corp., 6900 Manchester, M, St. Louis, MO 63143.

Bib's wet head cleaner contains storage area

RICHARDSON, TX—BIB has introduced a wet video head cleaner for VHS and Beta VCRs.

The cleaning cassette contains a lint-free and non-abrasive belt. Bib cleaning fluid can be deposited on the belt for enhanced cleaning capability. A storage compartment in the housing of each cleaner can hold a bottle of the cleaning fluid.

Bib, 1751 Jay Ell Drive, M, Richardson, TX 75081.

Merchandising

PERSONAL ELECTRONICS

123
456
789



POTENTIAL CUSTOMERS for home computers number in the millions, say suppliers. Major advertising campaigns are just starting to reach out to these new consumers.

Retailers of home computers expect big sales jump in '82

By William Silverman, sr. assoc. ed.

NEW YORK—Is the personal computer finally ready to come home?

And, if it is, can that market become a financial boon to many non-specialized computer outlets?

Despite a radical upturn in recent months in both manufacturer and retailer advertising, and in the number of dealers, the answer to both questions continues to be "maybe."

While there is little doubt that personal computers will be a major growth industry in the early 1980's, that surely rests on business applications. Systems used for these purposes, however, are usually sold through business-oriented computer stores.

Far less certain is the market for home computers, although they are sometimes extensions of the business environment.

Sees two-tier market

"I'm not wildly enthusiastic about computers except as used by business managers," commented Robert Christensen, computer and electronics securities analyst for A.G. Becker, Inc.

"From about \$1,500 to \$5,000 is where most of the business is now," he continued. "For this purchase a specialty store is needed. You need sophisticated people trained in the product."

"This is definitely a two-tier market," Christensen added. "The second tier is based on price. Mass merchandisers can sell to the less-sophisticated user in the \$500 area—something for Star Wars and basic math."

"This might well become a mass market, especially if prices come down. In five years, a \$150 computer would definitely be a different story," he concluded.

However, "the market is not really there today," commented Sears, Roebuck & Co. merchandise manager Jack Ingold. "There is no question it probably will happen," he continued. "I just think everyone is being a little bit premature. I think it will be more toward the latter part of the 1980's than up front."

"Certainly, we'll be in that business that minute we feel the item to be sold has potential," Ingold said.

For now, Sears is planning to expand its network of five business stores, selling computers in Chicago, Dallas and Boston.

Some others in the industry are also ambivalent about the home market. "The recreational use of computers is not the direction this company is headed towards," said a spokesman for Apple Computer, with over 2,000 dealers in the U.S.

But the company is assessing its options. Meanwhile, a recently introduced family system for the Apple II combines hardware, software and manuals into a \$2,495 package geared to the first-time computer user.

Most manufacturers and retailers contacted by *Merchandising*, however, are optimistic. There may be some trouble spots for non-specialty dealers, they said, but during the next few years many consumers will come to regard computers as an attractive addition to their homes.

One thing they point to is the sheer size of the potential market. "In terms of customers, there are 2.2 million small businesses and 82 million households," said Donald Kapicka, buyer for The Broadway department stores in Los Angeles.

And while fewer than one percent of consumers own home computers today, said Atari national sales manager Keith Schaefer. "Who knows? In two years, that could be five percent." One reason: during Christmas 1980 "nobody" advertised them, but last year the leading companies spent over \$25 million, he estimated.

In its own advertising, Atari clearly shifted its stress to the home market. It has also slated a price break for the 800 unit for CES, and a new home accounting system will replace the one for small business. This type of software can plan budgets, forecast mortgage payments and track expenditures, for instance.

Right now, though, "Entertainment still outsells anything else," Schaefer added; other sources agreed.

Computers are a better value than videogame machines, according to Mike Tomcay, Commodore International VIC 20 product manager. (Continued on page 74)

HOW TO STAY AHEAD IN A DOT-EAT-DOT WORLD.

The way ATARI stays ahead is simple: we just give America a steady diet of the most exciting, challenging home video games we can come up with.

Like PacMan.* It is now the most popular arcade game in the world. After all, how many other games let you steer a hungry, dot-like character around in a maze, where it eats up other, smaller dots and an occasional Power Pill? And how many other games let you chase little blue ghosts around until they change color and start pursuing you?

The most important question is, how many other companies will offer a home video game

program of PacMan*? Again the answer is obvious. Because only ATARI consistently brings the world's most popular arcade games into the home. We did it with Space Invaders,** we did it with Asteroids,™ and this spring, we'll be doing it with PacMan.*

We'll also have many other new games coming out in 1982—including Defender† and Berzerk‡—and we'll be supporting them with the biggest advertising and promotional program in our entire history.

All of which is sure to be appreciated by consumers everywhere. In fact, we're certain they'll eat it up.



*Indicates trademark of Midway Mfg. Co.
**Indicates trademark of Taito America Corp.
†Indicates trademark of Williams Electronics Inc.
‡Indicates trademark of Stern Electronics Inc.
©1982 Warner Communications Company

ATARI
© Warner Communications Company

PERSONAL ELECTRONICS

Public's enthusiasm for home computers will soon match suppliers', retailers hope

(Continued from page 72)

"Game machines will start to fade, and computers will pick up the slack and will fill that void," he predicted.

"People will buy home computers if they do one thing for them," he added. But, "You shouldn't have to be a computer engineer, just like you shouldn't have to be a mechanic to drive a car."

Appropriate software essential

That becomes possible only with easy-to-use and plentiful software.

And according to investment analyst Christensen, most software will continue to be written for the better selling computer manufacturers—which will therefore continue to grow larger:

While Texas Instruments software has increased from 15 pieces to about 100 in the past year, for instance, it can now offer roughly 500, including third-party software. "Much of it has been in the area of computer-aided instructional self improvement," said marketing manager Bill Turner.

Other companies have likewise made education a major strategy in aiming at the home market.

As for information retrieval, "consumers have been dabbling with the modem," Atari's Schaefer reported.

Videotext services like those offered by The Source, Compuserve and Dow Jones already offer access to newspapers, magazines, stock quotes, airline schedules and a growing list of other services.

Electronic funds transfer probably will also become widely available

within the next couple of years, according to Ken Ascher, president of Communications Electronics, a computer and floppy disk distributor.

"We truly believe," commented Radio Shack senior vice president Bernie Appel, "that videotext—electronic information, electronic communications—will come into the house."

Prices head downwards

Another factor sure to increase mass appeal is the way home computer prices have lately headed downwards, although, including peripherals they remain a fairly hefty purchase in a recessionary economy.

For instance, the Atari 400 "magic price" has been found to be \$399, Schaefer said, after a reduction from about \$550 six months ago. And while the TI99/4 home computer sold for about \$950 18 months ago, at the last CES the improved 994/A carried a \$525 suggested retail. A pre-Christmas promotion reduced the price further, to \$450.

This type of reduction makes home computers better candidates for department stores and other non-specialty merchandisers. But some potential trouble-spots persist:

Additional inventory—"The biggest problem is stocking software," commented Lewis Polk, owner of Polk's Hobby in New York. His own store sells the Atari 400 and 800, and the Apple II and stocks several hundred software programs.

Texas Instruments marketing manager Turner recommends carrying 25 of the most popular programs at first. To encourage retailers to stock more sku's, TI will introduce packages consisting of four programs at CES.

"The issue of the number of sku's is an important one because retailers may want to cut down in the current economy, yet that's where the profits are made," he said. "The customer will go back to the outlet where he bought his unit to buy software and peripherals."

Some peripheral equipment is dedicated to a specific manufacturer, while other equipment overlaps, pointed out Mike Flynn, director of consumer merchandising for the 107-franchise Team Central chain. "Showing computers," he summed

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CREATION OF SOFTWARE by independent developers increases hardware's appeal. Atari recently opened an acquisition center in Sunnyvale, CA to provide expert aid to these developers.

**Personal Electronics
CES Products: Page 81**

up, "is not the cheapest inventory in the world."

Because the number of add-on pieces is a function of the number of manufacturers carried, many stores do not want to carry more than two lines.

Sales technique—Retailers should confirm the availability of supplier-sponsored training. Yet, another issue remains: how do you solve this problem in light of turnover?

"In selling personal computers for home use, it does take some degree of training or expertise," commented Flynn. After three years, Team has a "reasonably well-developed staff," and "computers are a good chunk of our business," he continued.

Merchandising space—Setting up a special department is generally the best idea, according to Communications Electronics' Ascher, who supplies over 1,000 retailers. The people running it can be specialists, he pointed out.

"Retailers starting out should put them in the existing electronics department," differed Tomczyk of Commodore. "That's your customer." Computers today have the potential VCR's had three or four years ago, he maintained.

Mattel Electronics vice president of sales Richard Hoag suggested creating a separate department for lifestyle electronics. "A 'computer department' sounds very intimidating. But an ACE or lifestyle electronics area with everything from sophisticated chess to home entertainment systems says something else—it's a whole entertainment area." The Intellivision keyboard will be in national distribution in May, with selected roll-outs before then.

Time required to make a sale—The self-demonstrating software now offered by most manufacturers has helped to alleviate this problem.

But it still "takes a fair amount of time to sell somebody," pointed out Sears merchandise manager Ingold. "Many people just think about it. It's a fairly expensive purchase and relatively new."

After-sales backup—"This is not something that consumers can take into a TV repair store," commented investment adviser Christensen. "Larger companies are expanding their service networks, and people want that."

For example, during the past few months, Atari has set up 500 service centers in independent and dealer repair shops around the country. And both Mattel and Commodore have made arrangements to use more than three dozen service depots operated by the TRW, Inc. Consumer Service Division.

In the future, it is possible that most technicians, trained in microprocessor-guided appliances, will be able with the aid of diagnostic modules to send defective boards to the manufacturer. For now, though, many retailers will not be able to match the record of Team Central, which continues to service all the products it sells.

Besides service, certain customers also require after-sales backup and advice about how to use or program their purchase. "Computers can be a difficult item for non-specialists because they are a technical item requiring after-sales backup for the consumer in the form of instruction."

commented Marian Murphy, product manager for the over-100-store Computerland chain. "That's not typically needed. It's where the specialty stores have an advantage."

Several leading manufacturers have instituted 800 numbers, however, to aid both dealers and consumers.

As the industry enters 1982, it appears that, for many retailers, the potential business from home computers may now outweigh the possible hazards. Still, this is the first full year that the computers—backed by extensive national advertising—will be sold by a wide variety of merchants.

For now, though, the jury—comprised of retailers across the country—is still out.



THE ENTIRE FAMILY can find uses for the home computer, according to manufacturers. Although increasing numbers of retailers are hopeful, personal computer sales until now have mostly been for business systems.

What's new at Code-A-Phone?



Everything.

Ford Industries, the world's largest manufacturer of telephone answering equipment, has been very busy. We've been redesigning, improving and expanding our already impressive product line.

And at the Consumer Electronics Show in Las Vegas, we're going to be doing a little showing off. So, plan to stop by the Ford booth while you're there. And see what's new from Code-A-Phone®.

Booth No. 2621

CODE-A-PHONE®
America's getting the message.

Code-A-Phone® is a registered trademark of Ford Industries, Inc., 16261 S.E. 130th, Clackamas, Oregon 97015. © 1981 Ford Industries, Inc.

PERSONAL ELECTRONICS

Atari previews \$300 videogame system, other suppliers also advance in technology

By William Silverman, sr. assoc. ed.

NEW YORK—Technological advances in videogame hardware and software figure to make the games irresistible to more consumers than ever, according to manufacturers.

Among the products that retailers crowding the producers' CES booths this month will find:

- a "very advanced" system from Atari that will retail for about \$300;
- an add-on voice synthesizer from Mattel, to retail for about \$60;
- game cartridges for the Magnavox system that feature increased memory;
- two "unique" new games from Activision.

Suppliers warn, however, that allocation systems will be needed again this year. Nevertheless, they foresee a continuing sales boom that will benefit many dealers.

While only about four percent of the population owned a videogame in 1980, Atari's prediction of a jump to seven or eight percent in 1981 was on target, said vice president of marketing Ron Stringari. It is possible that the market could almost redouble again in 1982, he continued, noting this would represent an even bigger real gain than last year's figures.

The big news from Atari, though, is the new game system it is introducing at the show. A confident Stringari predicted it would set the standard in game play and graphics for years to come.

The system will cost roughly twice as much as the Video Computer System (VCS). Cartridges will be in the \$30 area, Stringari said.

Not compatible with the VCS, the game will be supported by a wholly new line of software. The first roll out of 14-cartridges will include some that can almost bring coin-op sophistication into the living room, he continued. Among these are the popular Centipede, Galaxian, Asteroids and Pac-Man games.

Although on allocation, the new "hi-tech"-look system will be in stores in 'mid-82.' Advertising breaks in July.

There are no plans for a phase out

of the old system, though. Said Stringari, "Everybody can't afford the top end. We are looking for the higher-priced system to account for about one-third of all units in two years."

Voice synthesis added

Sometime in 1983, Atari will also likely add voice synthesis to some games as the new unit has this capability, although it is not built-in.

Other companies have more immediate plans in this area. To be

shipped in May, Mattel Electronics' "Intellivoice" can reproduce both male and female voices with emotion, according to vice president of sales Richard Hoag. The add-on component wholesales for \$45, and has a suggested retail of around \$60.

Seven to nine cartridges with the voice capability will be introduced in 1982, he said. They will retail for about \$35, and will retain most of their game value even if the component is not in place. Among those shown at CES will be Space Spartans,

B-17 Bomber and Bomb Squad.

Magnavox also plans to add voice to its "mainframe," as an add-on component, in the second half of '82. Why? "It adds a whole new element of educational ability, for one thing," commented Jerry Michaelson, vice president for special markets. "You can use the keyboard for 'speak and spell' type of activity." Pricing has not yet been established.

New games at CES have 4k chips, he continued. These include Monkey-shines, UFO, K.C. Munchkin, The Great Wall Street Fortune Hunt and an Arcade Game. The upgrading in memory is usually matched by a higher price only in the Master Strategy series, however, including the recently introduced Quest for the

TAKE A WILD GUESS AT OUR TWO NEW GAMES...



VIDEOGAME TECHNOLOGY continues to advance, along with retailers' sales. A broadened range of cartridges has also helped to expand a market that once appealed mostly to male teenagers.

Rings and Conquest of the World.

Along with the Great Wall Street Fortune Hunt, which is played almost entirely with a computer keyboard, these deluxe game packages cost consumers about \$49.95, compared with the normal \$29.95.

Also breaking new software ground at CES is Activision. Barnstorming and Grand Prix, both \$31.95 list, are original and highly creative product, according to president Jim Levy.

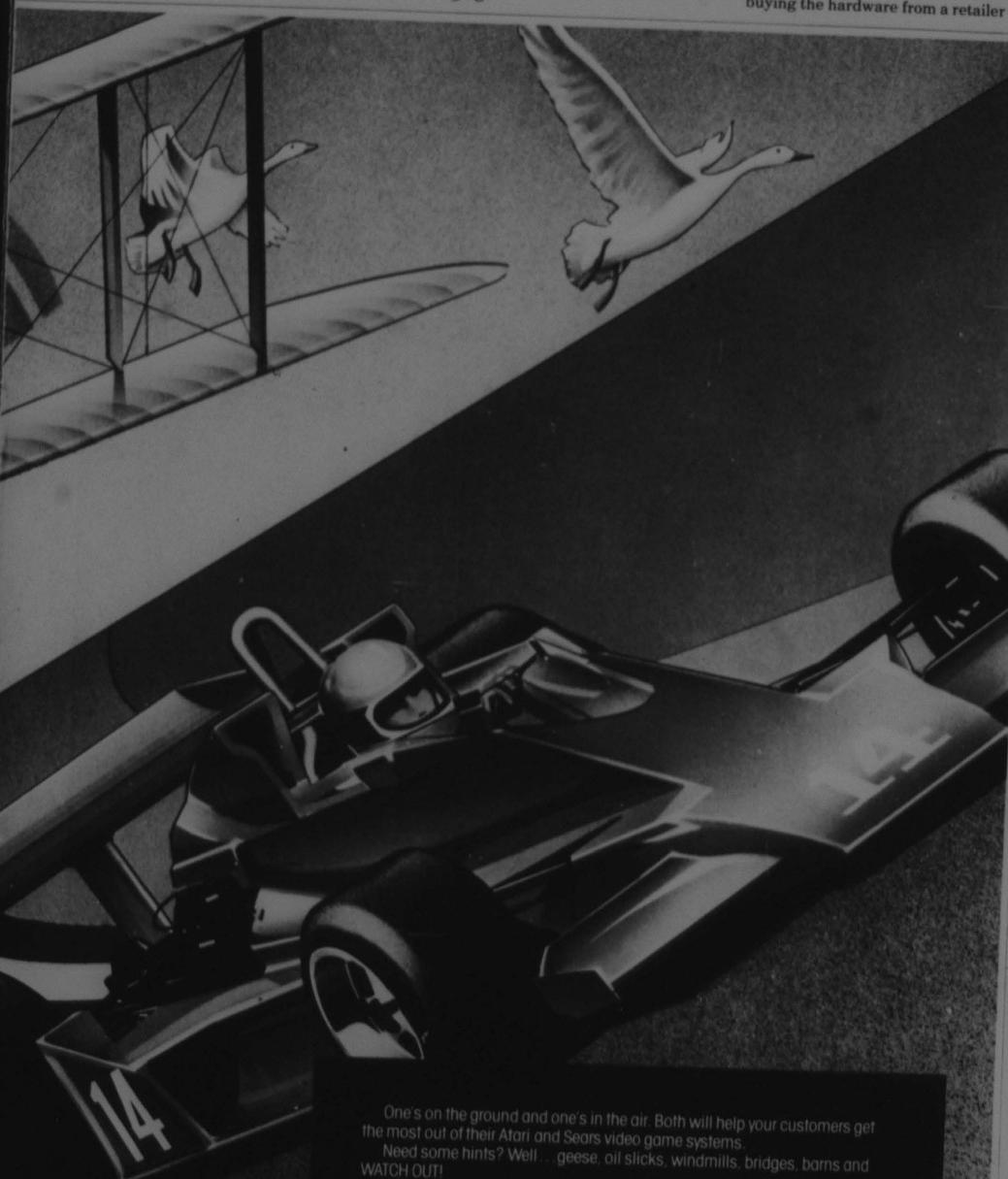
"Visually stunning," Barnstorming permits a player to fly his plane over windmills, through barns and around flocks of geese, he said.

Grand Prix also features vivid graphics, along with "you-are-there" sound effects, such as formula racing

cars charging down an asphalt road while dodging oil slicks, crossing bridges and avoiding collisions. Two other new games will be "sneak previewed."

Upbeat about the industry as a whole, Levy termed 1981 "the year video games came of age as an important part of American recreation for today and the future." Cartridge sales grew about 2½ times in 1981, he said, reaching 25 to 30 million units. He predicted another doubling of sales in 1982.

Activision has scheduled an "enormous" advertising effort on television and in print, and similar strategies cited by other suppliers also figure to help keep retailers' cash registers ringing.



One's on the ground and one's in the air. Both will help your customers get the most out of their Atari and Sears video game systems.

Need some hints? Well... geese, oil slicks, windmills, bridges, barns and WATCH OUT!

If you still can't guess, better set a course for Booth #2366 at the CES Show in Las Vegas. Take a peek at our two new games. Get a sneak look at two more and a long look at our major commitment to 1982.

It's going to be a
fabulous year. And,
there's no guessing
about that!

ACTIVISION
WE PUT YOU IN THE GAME.

PlayCable gives subscribers videogames sans cartridges

NEW YORK—Another strategy in videogame marketing is PlayCable, the first "marriage" of videogame and cable television technologies. It is jointly owned by Mattel, Inc. and General Instruments Corp. of New York.

The system is being offered to cable subscribers in some New York and New Jersey suburbs. Those who already own an Intellivision master component must still purchase a \$35 adaptor. Others have a choice of buying the hardware from a retailer or

from their local cable system, for about \$250. A rotating selection of 15 cartridges can be called up each month, for a \$13 charge.

Reached at Mattel Electronics headquarters, vice president of sales Richard Hoag affirmed that the New York area is really a test market. But he indicated that national availability, while a future possibility, probably would not greatly affect retail business.

One reason he pointed to concerns the cost to subscribers. For many, this added service would increase their monthly bill to more than \$40.

Also, only about one-quarter of all homes are wired for cable now, and most of those do not receive pay television. PlayCable's immediate potential is only about one in 10 homes, Hoag concluded.

In any case, he believes that PlayCable will aid retailers' sales. "Indications are that people would rather buy the master component from retailers, because they find it more convenient," Hoag said. Cartridge sales could also benefit from increased exposure, he added.

PlayCable was recently offered to subscribers to seven New York metropolitan area cable systems. It is also available in Jackson, MS, Santa Clara, CA, Boise, ID, Moline, IL, and Brampton, Ontario.

Marketing efforts are now being concentrated here, according to PlayCable director of marketing Jim Wiesenbergs. Further expansion will occur next summer, he said.



Now PlayCable™ offers you
this growing library of
Intellivision™ video programs.

PLAYCABLE channel allows cable TV
viewers to play 15 videogames for
about \$13 a month.

Woolco ad describes cordless phone sale

COLUMBUS, OH—A Bearcat Freedom Phone was among the items featured in a full-page ad calling attention to Woolco's semi-annual TV and Appliance Sale.

Model FF-500 was reduced from \$219.95 to \$199.95. The ad also explained what the phone does:

"There's no cord," it said. "So you can be in the yard, in the bath or at the pool—and still be 'at the phone.'"

"You can make—or take—calls anywhere around the home or office," it continued. "Simply plug the base station into your telephone jack. Then carry the compact receiver with you."

NEWSLINES

PERSONAL ELECTRONICS

12345



Scanners go network



Atari rewards survivors



Phone answerer market set to move up, says Record A Call

COMPTON, CA—"The answering machine market is ready to move higher, and we want to give it some impetus."

Record A Call vice president Martin Schatz continued, "This is a salable staple. As the general economy turns up, attractive, well-priced items will take off." He also cited Record A Call simplicity of operation and name identification, along with heavy advertising.

Three new models are "departures from the boxy look, to a contemporary, beautiful

designer look," he continued. A top-of-the-line, \$349.95 model features voice activation, new digit displays for calls and functions, and an advanced beeper.

A middle-of-the-line model features voice activation or fixed time. It also has a new slide control for major functions. The suggested retail is \$239.95.

The leader, fixed-time unit is priced at \$179.95. All the machines are additions to the line, and not replacements, according to Schatz.

Major telephone and scanner promos announced by Electra

CUMBERLAND, IN — Extensive first-quarter promotional strategies for Freedom Phone cordless telephones and Bearcat scanners have been announced by Electra.

A Phone-Free Sweepstakes will run Jan. 1 through March 31, 1982. The grand prize winner will be awarded three years of free phone service, up to \$15,000. Second prize winners will receive one free year of phone service, up to \$4,000. Bearcat Alert warning radios will be awarded to 250 third prize winners. The retailer whose customer wins the grand prize will also receive two years of free phone service.

Electra will also be getting out the word about its Bearcat scanners when it runs advertisements on all three television

networks, beginning February 1982. This follows on the heels of a successful test of network TV in 1981, and represents a change from local spot coverage.

In addition, a rebate program beginning Feb. 1 should also capture growing consumer interest.

Electra will offer \$50 rebates on its deluxe Bearcat 350 and 300 scanners. A \$25 rebate will be offered for the popular 250 and 20/20 scanners; \$15 rebates for the best-selling 210XL scanners; \$10 rebates for the moderately priced Four-Six ThinScan, 160 and 150 models; and a \$5 rebate for the economically priced Bearcat 5 scanner.

The cash rebates will be paid directly to consumers by Electra.

Atari guards Pac-Man videogame, settles with Activision

SUNNYVALE, CA—Atari has sought to block other manufacturers from marketing Pac-Man-like videogames. Recently, though a federal court judge in Chicago indicated N.A.P. Consumer Electronics Corp.'s K.C. Munchkin Odyssey 2 game is so different that there is no likelihood of success on Atari's claim of infringement.

In the past year or so, Pac-Man has gobbled up literally millions of quarters in arcades and other locations around the country. Now, it is likely to follow on the heels of Space Invaders and Missile Command, two former number one games that were converted by Atari for home use.

Atari's agreement with Namco-America also covers rights to the home version of

Galaxian, another arcade favorite.

In addition, Atari and Activision have announced the settlement of all litigation between them. The terms of the agreement remain confidential, but Activision will manufacture its videogame cartridges under technology license from Atari.

In other news, people from around the country recently defended themselves against relentless centipedes, spiders and fleas as part of Atari's first coin-operated videogame contest. Some \$50,000 in cash and prizes were offered.

Winner in open singles was Eric Ginner of Mountain View, CA. Ok-Soo Han of Northridge, CA claimed the first prize in women's singles.

Panasonic handheld computer aimed at business market

SECAUCUS, NJ—Panasonic has introduced a handheld computer which, it said, adds portability to any stationary computer system. Weighing 14 oz., it comes with 4K bytes of internal programmable memory that can be expanded to 52K bytes. ROM memory is 16K bytes, expandable to 64K bytes.

"We foresee a huge market potential for the HHC in business applications, as an extension of office technology, as well as on the educational front," said merchandise manager Bill Kopp. In addition to the \$600 main unit (\$500 with 2K memory), the HHC is expandable to include portable thermal printer, telecomputing system, bus expand-

er, programmable memory extender and color television interface. Peripherals range in cost from \$158 to \$349.

The HHC, also called The Link, is being distributed through independent sales representatives, system house distributors and retail computer stores, Kopp told a press conference. Xerox business equipment stores already have the product.

"This is not a cash and carry, no question asked item," Kopp stressed. Retailers will be selected on the basis of their ability to provide consumers with programs, programming courses, programming help and service. They also must participate in co-op and yellow pages advertising, he added.

Casio debuts electronic player piano and boxing game calc

NEW YORK—Singing Killing Me Softly With His Song, pop star Roberta Flack recently introduced Casio's CT-701 electronic computerized keyboard.

Features, detailed to a press luncheon by president John McDonald, include pitch control, vibrato and sustain effects, automatic accompaniment/bass chords and an arpeggio effect. The melody can also be raised or lowered an octave.

The CT-701 retails at about \$998. The instrument is also a learning tool, as it contains a "Melody Guide."

The unit is also an electronic player piano. The user passes a scanner over a printed bar code and the tone is put into the keyboard's memory for playback. Also introduced: The contender—a full-function calc with a boxing game. Heavyweight champ Larry Holmes apparently likes his a lot.



Casio faces Holmes

PERSONAL ELECTRONICS/CES PRODUCTS

Motorola presents new mobile radio

SCHAUMBURG, IL—Applying state-of-the-art technology that includes second generation integrated circuits, crystal filter devices and synthesizer, Motorola has produced the Syntor X High Brand Systems Mobile Radio.

The radio transmits and receives in the 150-174 MHz frequency band without degradation of specifications, says the company. It also features an advanced control system which provides up to 32 preset channels, multiple coded squelch with both tone coded and digital coded available in the same radio.

Another benefit is its frequency scanning capability that includes automatic display of the channel being received, while eliminating costly channel elements, reeds and



Motorola Syntor X

code plugs.

Providing 110 watts of output power, the Syntor X can be used for communication applications ranging from public safety to public works.

Motorola Inc., Communications Group, Public Relations Dept., 1301 E. Algonquin Rd., M, Schaumburg, IL 60196.

alphaSyntauri debuts Apple II synthesizer

PALO ALTO, CA—Designed around the Apple II microcomputer, the alphaSyntauri synthesizer is a programmable, upgradable musical system.

Modular in both hardware and software, the instrument can incorporate advances in music generation and electronics technology in a stepwise fashion without making main hardware components obsolete—the Apple II computer system, the Syntauri keyboard/interface and the oscillators.

The alphaSyntauri instrument, with alphaPlus operating software, uses the Mountain Computer Inc. Music-System oscillators (16 digital oscillators paired for eight-voice stereo polyphony).

AlphaPlus operating system software is available for \$35. The alphaSyntauri instrument, including alphaPlus, retails for under \$2,100. A demonstration record is available from Syntauri for \$2 prepay.

Syntauri Corp., 3506 Waverly St., M, Palo Alto, CA 94306.



alphaSyntauri synthesizer

GCE adds two game watches

SANTA MONICA, CA—Two sister products have joined the Game-Time electronic watch, manufactured by General Consumer Electronics Corp. Arcade-Time and Sports-Time, along with Game-Time, will be nationally available at a variety of outlets in 1982.

Each quartz wristwatch tells the time and date and also plays several games. They include microprocessors that make the games tougher as the

Panasonic intros low-priced printing and talking calcs

SECAUCUS, NJ—Panasonic has introduced its lowest priced handheld plain paper printing calculator, model JE-610P. A new, low-priced talking calculator also debuts.

The printer measures three in. wide by 1 1/4 in. high and is less than seven in. long. It prints on 1 1/2-in. wide plain paper, and has a two-digit LCD display, three-key memory and "Sure Touch" rubber keyboard.

The calculator features automatic shutoff, four-position decimal switch, and percent function. An item counter lets the user recall the number of times the plus or minus key has been pressed during a calculation. A non-add key allows him to print reference materials not related to the actual calculation, such as the date or invoice numbers, for record keeping.

The ink roll can be changed by snapping out the old roll and snapping in the new one without touching the tape.

The JE-610P is available now, with a suggested retail price of \$39.95.

The "Compuvoice," model JE-702OU, carries a suggested retail price of \$49.95 and will be available in February.

Using a front mounted speaker for clarity, it gives audio confirmation of both entries and results. It will also announce the function. A read key repeats the number currently on display.

A voice key turns the voice mode on or off. The unit also features automatic power shutoff.

Panasonic, One Panasonic Way, M, Secaucus, NJ 07094.

Roklan adds automatic program creator

ROSEMONT, IL—Autogrammer, an automatic program generator written in assembly code, allows an individual who is not a programmer to create custom machine language programs.

No knowledge of programming language is necessary, and an application program can be completely designed and edited on the screen. Autogrammer then creates the code

necessary to accomplish the desired application. Editing functions to add, modify, delete or display records are accessed through menu functions.

In all, twelve new software packages will be available from Roklan at the Consumer Electronics Show. Four categories of programs are available. These also include programming utilities, business applications and games.

Roklan Corp., 10600 Higgins Rd., M, Rosemont, IL 60018.

Manual CB antennas introduced by Harada

COMPTON, CA—Harada has introduced two manual CB antennas featuring a stainless steel whip designed for high tensile strength. They also come with a completely shielded, weather-proof loading coil with a heavy-duty flexible spring.

Model CM-52, a center-loaded dual-truck mirror mounting antenna, has two-section mast that extends to 28 in. and a 20-ft. co-phased harness. It carries a suggested retail price of \$54.80.

Also center-loaded, model CF-70 is a magnet mount with a two-section mast extending to 28 in. and a 114-in. cable. Suggested retail price is \$32.97.

Both antennas come with a complete assembly kit and are easy to install and adjust for a minimum standing wave ratio, the manufacturer said.

Harada Industry of America, Inc., Dept. P, 1900 W. Artesia Blvd., M, Compton, CA 90220.



GCE game watches

player gets better. All retail for under \$40.

Each of the items in the line offers distinctly different games. Arcade-Time features HyperBlast, Planet Raiders, Galaxy Gunner and Cosmic Clash. Sports-Time includes Football, Basketball and Soccer. Game-Time includes Firing Squad, Missile Strike, Alien Assault and BlastAway.

Each of the three products will receive extensive television advertising publicity and sales promotion support, according to GCE.

General Consumer Electronics Corp., 233 Wilshire Blvd., M, Santa Monica, CA.

Teal calc has 12-digit print and display

LOMITA, CA—The Teal Three 320PD calculator features 12-digit print and display in a compact, desk-top size.

Features include grand total memory, accumulating memory, Ax/Am key for automatic dollar/cents decimal placement, plus/minus item count, delta %, a 3.0 lines per second Seiko print head and a "Teal Touch" keyboard.

The suggested retail price is \$229.95.

Teal Industries, Inc., 1741 Lomita Blvd., M, Lomita, CA 90217.



Teal Three 320PD

MAJOR APPLIANCES

Computer system boosts sales 15 percent, helps develop promotions at Tony Ferrara's

By Larry Jaffee, contributing editor

PHILADELPHIA—On line for only a little more than a year, a computer at Tony Ferrara Discount Appliance stores has sparked a 15 percent increase in sales to boost annual volume to \$2.5 million for the three-unit chain.

In fact, thanks largely to the computer, a fourth store will be opened sometime later this year.

In addition, the \$50,000 system has allowed Ferrara's to develop promotions that give it a closer relationship with its 6,000 active customers. For example, the computer automatically mails a \$10 certificate check to every customer who makes a purchase. It is also credited with streamlining bookkeeping and trimming inventory.

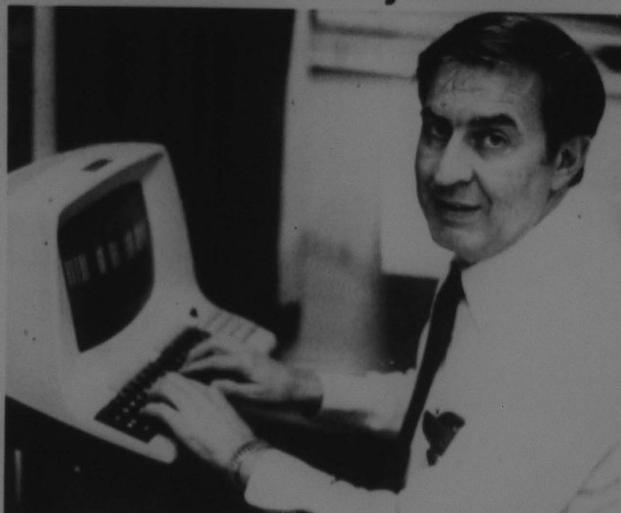
Other factors cited as contributing to Ferrara's recent success include membership in the Key buying group and a \$40,000 annual advertising program that includes newspapers, radio and even book covers.

Researched computers carefully

For owner Tony Ferrara, adding a computer to his stores seemed like a natural move. His father had been an electrician and he had studied electronics in college before moving into retailing.

"With my prior knowledge of electronics, I knew computers were a new challenge that could improve my business," he explained.

Ferrara began researching computer systems two years ago. "After speaking with other Key buying group members, all of whom are computerized, I found a young computer company that understood



A 15 PERCENT SALES JUMP was registered by Tony Ferrara Discount Appliance Co. after the installation of a computer system, reports owner Tony Ferrara. The three-store chain now has an annual volume of \$2.5 million.

my needs in software, hardware and maintenance."

The company was Feith Systems and Software of Philadelphia. The computer itself was an Industry Standard S-100, featuring a 96-megabyte control data disc drive by Phoenix Control Data Corp., a complete turn-key system.

With a total of five terminals, Ferrara is able to communicate—instantaneously—with his two sate-

llite stores, one in South Philadelphia, and the other in Springfield, PA.; Key Philadelphia's headquarters, five miles away, and Key's warehouse, 20 miles away.

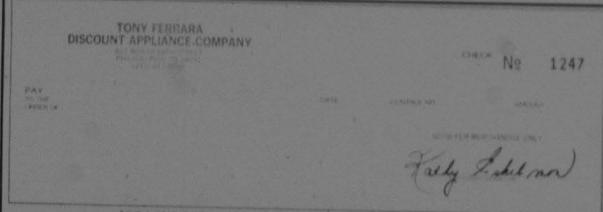
Ordering direct helps

"It is a big help being able to order directly from the Key office," he said. By ordering directly, Ferrara, who is president of Key Philadelphia and vice president of Key national, was able to reduce his inventory and floor planning to practically zero.

"If I buy 48 pieces from a manufacturer, I'm hooked for the bill. With Key I only pull if I need something," he said.

The computer is capable of handling accounts receivable, accounts payable, payroll checks, word processing, mailing labels, form letters to customers, warranty reports on service contracts, general ledgers and sales reports by salesmen, by store and by date.

In addition, it produces inventory reports by category, brand, month-to-



FREE GIFT CERTIFICATES are issued to customers who make a purchase at Tony Ferrara Discount Appliance Co. The checks are produced by the company's computer and mailed to customers, who may use them for 30 days.

date sales and year-to-date sales. The computer also shows three sale profit levels by model.

In the future, Ferrara is planning to use the system to pay his bills directly to the bank. "There's no bottom to what it's capable of," he added.

The computer has also helped Ferrara establish stronger bonds with his customers. For example, store personnel can now answer questions about accounts over the phone in less than a minute. "That impresses customers," he noted.

In addition, the machine's mailing list capability has enabled the firm to communicate better and more frequently with consumers. "I send a \$10 gift certificate check to any customer who makes a purchase, regardless of the amount of sale," said Ferrara.

Another promotion announcement sent to customers offers factory-authorized service in the home at a special cost.

The best thing about the computer, according to Ferrara, is that "it's 100 percent right and avoids conversation mistakes."

Ad program boosts sales

Another key to Ferrara's success is his \$40,000 annual advertising program. Although Philadelphia television time is too expensive for Ferrara, radio and newspapers are not.

Sixty-second radio spots are aired five days a week, two or three times a day, on a rotating basis of three stations. Ferrara takes out a quarter-page to a half-page ad every week in the Philadelphia Inquirer during the heavy season, and every other week during the slow season.

He is also launching a new ad campaign using schoolbook covers that feature the name of the store on the front and back. More than 4,000 covers have already been ordered by one elementary school in the area.

"Now when parents check their children's homework, they'll see the name of the store—instant advertising," said Ferrara.

Being visible in the community by participating in school, Little League and church events has also helped, he said, as has the fact his company is a family operation. "I owe a lot of thanks to my family. Three of my sons help manage the stores," said Ferrara.

But, the computer is the biggest factor. "Without it," he added, "my business couldn't have grown the way it did."

We need
your support.
Your gift
is the gift
of love.

 American Heart
Association
WE'RE FIGHTING FOR YOUR LIFE

Videodisc player sales hinge on price points and software availability, retailers report

(Continued from page 25)

continue to carry both the RCA and the Magnavox models. As for the VHD format, Curtright said, "I can't believe General Electric and JVC would come in with only a small commitment. If they come in with good backup, we may carry them."

"The technology is good, but it all depends on how the manufacturers handle it," he concluded.

Laser started quickly

"The Magnavision system did extremely well the first year, then tapered off," according to Dick Miniat, manager of Allen & Bean, Atlanta. The store was one of the first three or four in the country to sell the videodisc which was introduced in December 1979.

"We've sold 2,500 Magnavox players since we introduced them," stated Miniat. "But 80 per cent of those were sold in the first year," he pointed out.

Allen & Bean offers the Magnavox disc player for \$750, RCA's player for \$499 and recently introduced Hitachi's CED player for \$299. The RCA

player has sold only 12 to 15 units overall.

Although a large amount of laser discs and all available CED discs are offered by the chain, demand has steadily decreased since the introduction.

Miniat attributed the early success to the heavy advertising and promotion Magnavox used in the early going.

RCA rebates, newspaper advertising and in-store promotions have all been relatively unsuccessful for Allen & Bean. "We are trying to promote the Hitachi unit more like an audio turntable," he stated.

Miniat reported that initial equipment problems with Magnavox—specifically disc/player incompatibility—have been worked out.

He said he hopes that all the discs can find a strong market, but is not optimistic. "In the long run, the laser systems will have good educational and industrial uses, while the CED systems are more suited for the consumer market in their lower price range," Miniat suggested.

"Until they drop the prices, they

just won't go," according to Bill Alexander, vice president of Weber's World, Anaheim, CA. Magnavision is offered at \$699 and RCA at \$399 plus a \$50 rebate at Weber's World.

Alexander describes Magnavox's sales as "slow at first and slower since," and RCA's as "slow, but a little bit better since the price dropped from \$499."

The software hasn't been promoted enough and the recorders have been pushed too much," he said. Weber's World stocks about 25 laser and 40 CED titles, but most of their software business comes from customer requests.

Newspaper ads and many promos have not increased videodisc sales for Weber's World, either. "We've done in-store demos and in-home demos and we end up selling VCR's instead," said Alexander. "Besides most of the disc system buyers already own VCR's."

In the store, "The RCA display is dead center, right where the customers can't miss it," he said. The Magnavox unit no longer gets prominent space.

Videodisc suppliers increase advertising and support

(Continued from page 24)

been set, but rumors have placed it in the neighborhood of \$500, which is the current suggested list price of the RCA mono player.

The Hitachi stereo disc player will have the same basic features as the mono unit, including visual in fast forward and reverse and auto play. It will also have a one-year warranty. In addition, Hitachi will begin marketing a stereo adapter for its current and future mono players.

Hitachi has just completed a six-week promotion in which it lowered the list price of the videodisc player to \$349. "I believe the disc can be sold profitably at this price, but the promotion was run to build dealer confidence," Alan Wallace, vice president of sales insisted. And he added that dealer reaction has been positive.

However, Arnold Valencia, president of RCA Sales Corp., who strongly believes the videodisc cannot be marketed by price alone, said "the price reduction was Hitachi's way of liquidating its inventory because the product was not selling up to expectations."

At press time, Hitachi was still evaluating the program and had not decided whether to extend it into the new year.

Sanyo has also lowered its list price on the CED videodisc player to \$449.95.

Goal was 'unrealistic'

At its kick-off last March, RCA confidently predicted it would sell 200,000 videodisc players by the end of 1981. It did not even come close, and in retrospect, Jack Sauter, group vice president and general manager, RCA Consumer Electronics, said "the goal was unrealistic."

According to Valencia, the goal was not reached because of the economic slowdown and high interest rates. He added, "The general trend at retail is soft, but it is more prominent in

videodisc because it is a new product and new products always suffer in this type of economic environment."

But even though the goal was not reached, Sauter claimed the videodisc has been very successful because the consumer response is strong. "Numbers are secondary in terms of evaluating the success of a product," he stated.

He also reported that dealers are anxiously looking for ways to expand their videodisc programs. Because the target was missed by such a large margin, RCA has taken a very cautious attitude and has refrained from releasing a sales goal for 1982.

Retailer complaints about defective hardware and software shortages are valid, Valencia admitted. "I am aware of the cartridge problems and we also have had some quality problems in terms of skipping on the discs. I am also aware of the desire for new titles and that the shortage of currently ordered titles is causing grief at the retail level," Valencia remarked.

But he said he expects the start-up of a new production facility and additional pressing to alleviate most of the problems.

Since Valencia does not believe the disc can be sold on a price basis, the company is "instituting marketing efforts that are designed to keep distributors and dealers happy. You have to find every angle to generate consumer interest," he said.

The latest effort is a promotion in which the purchaser has the option of receiving a \$50 rebate or three free discs. There are 28 titles to choose from including sports, children's selections and movies. "We think the discs will be a strong incentive because every consumer loves a bargain," Valencia stated.

RCA expects there will be 400 titles available this year for the CED player, a welcome addition since the firm says consumers are buying an average of 20 discs per player.

Two RCA stereo videodisc players

will be shown to distributors in May, with one model featuring a wireless remote. The other features will be the same as the current mono player, which RCA will continue marketing. A price on the stereo version has not been set.

In addition, RCA will be introducing audio equipment to support the stereo unit. These will consist of a tuner, an amp and speakers.

The manufacturers say they are aware that many dealers are skeptical about the videodisc systems, and they are making efforts to reassure them by increasing dealer support and advertising.

Pioneer is encouraging the dealers to stock more heavily by extending its dating terms and will also supply a display unit that holds the player. The display unit will be free. Pioneer will also publish a catalog every three months which lists what software is available.

Magnavox is shipping a new display unit that offers disc and player storage capacity. It will also be made available to consumers.

An expanded advertising program, which will separately promote Magnavox's two videodisc models, is now underway. The all-print campaign will be featured in video and in-flight publications and magazines that are geared to high-income consumers.

RCA will continue with its current advertising effort, which is aimed at the middle-income family and includes daytime and network television, radio, general interest magazines and newspapers.

At press time, marketing plans for the VHD system, scheduled to be introduced this June were not available from any of the five manufacturers involved.

However, rumors that both Panasonic and JVC were considering delaying introduction of their players indefinitely were rampant. Neither company could be reached for comment.

"The laser is a better technology, without a doubt," he continued, "but unless they can be much cheaper than tape, none of them will sell, not even CED." Weber's World does not expect to carry a VHD-format player.

Home Video Theater, Paramus, NJ, is another chain that has had little success selling videodisc systems. "People used to come in to look at the laser system and think, 'Why don't I buy a tape for this price?'" according to Phil Gussack, owner.

Home Video Theater offers the RCA unit at \$429 plus the \$50 rebate, but has not sold Magnavox laser units in some time. "The quality is almost as good on the RCA player, minus a few special effects," stated Gussack.

The lack of software is what's really hurting the discs," he added. "When people come into the store and see 500-plus titles on tape and only 40 or so on disc, it's not a very hard choice."

Recently, Home Video Theater removed its RCA display to make room for expanded tape inventory.

Early on, the chain did sell a number of the Magnavox players. "We sold 10 in Scarsdale from our Hartsdale, NY store," Gussack mentioned. "But we don't even get calls for the discs anymore."

Gussack described the average videodisc owner as a "well-off, innovative type. The first one to buy a color TV and microwave, now he is buying wide-screen TV's and video products."

Despite his negative experiences, Gussack said he believes the disc systems have their place in the market. "It's really a race to see who can get their act together," he explained. "At a price of around \$300, the discs could co-exist with tape systems."

He does not expect the VHD models to be received well, however. "The JVC model will come in and go out just as fast," he predicted.

Demand for software

Steve Polverino, owner of Video Aids, Bloomfield, NJ, said he feels that software is the key to sales. "RCA has many more titles—sales have more to do with software availability than purchase price," he said.

Video Aids opened in October 1981, and had not sold any hardware at press time. "Discs, however, are selling," said Polverino, "and that shows that some people own the players."

However, Richard Railey, owner of Video Spectrum in New Orleans, does not like or want anything to do with the discs.

"We have them just to get people in to look at other equipment," he said. "If RCA wants to throw away all its money on advertising, I'd be crazy not to carry them."

Video Spectrum has carried the Magnavox unit for over two years and RCA's since its introduction. Each unit has only sold 20 pieces total in three stores.

"We pushed them real hard," said Railey. In addition to the RCA rebate program, Video Spectrum offers three free discs to hardware buyers.

Marvin Friedman of Video Wholesalers, Miami, agreed with Railey. "Biggest bomb since the Edsel," he stated.

Video Wholesalers has offered the RCA unit for as low as \$199, and still generated little or no interest. "I'd like to hear of anyone who is selling them," said Friedman.

75th ANNIVERSARY **Merchandising**

A GRALLA PUBLICATION

FEBRUARY 1982

THE NATIONAL MAGAZINE FOR ELECTRONICS • HOUSEWARES • MAJOR APPLIANCE RETAILERS

ISSUES, NOT PRODUCTS, RULE CES VCR AND VIDEODISC PRICES, DIGITAL AUDIO STIR DEBATE

Air Cleaner Sales Soar

Fourth quarter booms as promotions support gift, impulse purchases



\$600-\$699 racked stereos sell best, retailers at 864 stores report

Under \$400	6.3%
\$400 to \$499	13.4%
\$500 to \$599	17.9%
\$600 to \$699	21.4%
\$700 to \$799	15.2%
\$800 to \$899	10.7%
\$900 to \$999	7.1%
\$1,000 to \$1,099	7.1%
\$1,100 or more	8.0%

Merchandising analyzes the Video Upheaval

compact projection TV's ■ video magazines ■ universal VCR format ■ stereophonic sound ■ component television ■ mini camera recorders

LASVEGAS—Extensive price cutting and lack of adequate programming are two heated issues plaguing the videodisc business, agreed a panel of video suppliers and retailers at the Consumer Electronics Show.

Meanwhile, digital audio—the long-awaited new kid in town—managed to generate a good deal of curiosity and a little controversy as two prototype disc systems were demonstrated.

INNOVATIONS IN COMPUTERS Highlight NARDA Expo

LAS VEGAS—Among the hardware, software and systems displayed at NARDA's convention and exposition were: a system designed to track videocassette rental programs; electronic cash registers with computer capabilities; systems capable of tracking co-op ad plans.

Clamp down on bad checks

Three state legislatures approve new laws to help retailers cut down on check fraud.

STONFIELD, IL.—Bad check laws have a longer note. Legislatives in Illinois, Louisiana, and Oregon require the signature date of an instrument to be printed on each.

TRENDINGS IN PERSONAL ELECTRONICS



William H. Johnson

Changing markets predicted for computers, videogames

For many retailers, the home computer market is like the pot of gold at the end of the rainbow.

Some, however, went to the Consumer Electronics Show without really knowing the computer's real relationship to videogames. And they left still knowing for sure only that the public will ultimately decide.

But what almost everyone heard from other retailers and manufacturers was a clear vote of confidence in the near-term potential of both

of these products.

The enthusiasm for videogames, of course, was near unanimous. The elbow-to-elbow crowds eyeing the latest hardware and software was testimony to that. However, a surprisingly positive retailer feeling for home computers was also apparent.

Will an early presence in home computers really pay handsome dividends in the months ahead? It could for many retailers, partly because of the exciting new products, price points and merchandising plans that

manufacturers introduced. (See page 32 for related story.)

Another reason is that computers are where a substantial portion of the videogame market appears to be headed.

"As home computer prices come down, the public will go for more than just game consoles," sales manager Robert Hill of Hill TV in Rochester, NY told *Merchandising*. "We're checking out the market. That's why we're here at the show."

Will videogames survive?

But, with the advent of a true mass market for home computers, could the videogame survive? After all, computers can offer the additional benefits of user-friendly programs for home management, personal finance and learning.

No one can forget what happened to the market for handheld games once the videogame manufacturers started to flex their muscles.

In our opinion, videogames will continue to adapt to a changing market. As Jim Levy, president of Activision, told a CES conference, "Videogames and computers will evolve from the low end to the high end and will cross each other all the way up the scale."

Commodore, for example, plans a \$150 programmable game with a complete membrane computer keyboard on its console. "We believe these markets are merging together, and are developing product up and down the range," vice president of sales Kit Spencer said.

At Texas Instruments, home computers have been positioned as an upscale product from self-contained and videogames, said product manager Bill Turner.

It looks to us like some well thought-out additions to the merchandise mix could position your department for non-stop growth in the 1980s. But, while most retailers realize that selling computers differs greatly from selling games, several points remain particularly important.

Don't overlook the extreme significance of the decision as to which brand to carry. Ask yourself what combination of hardware and software you are comfortable with, Tom Priestly, general manager of the NEC home computer division told the conference. In large part, the answer will depend on the nature of the market you are going after.

When choosing a line, ask about sales training, he continued. Beyond that, the degree of commitment to advertising on the part of the manufacturer remains of paramount importance.

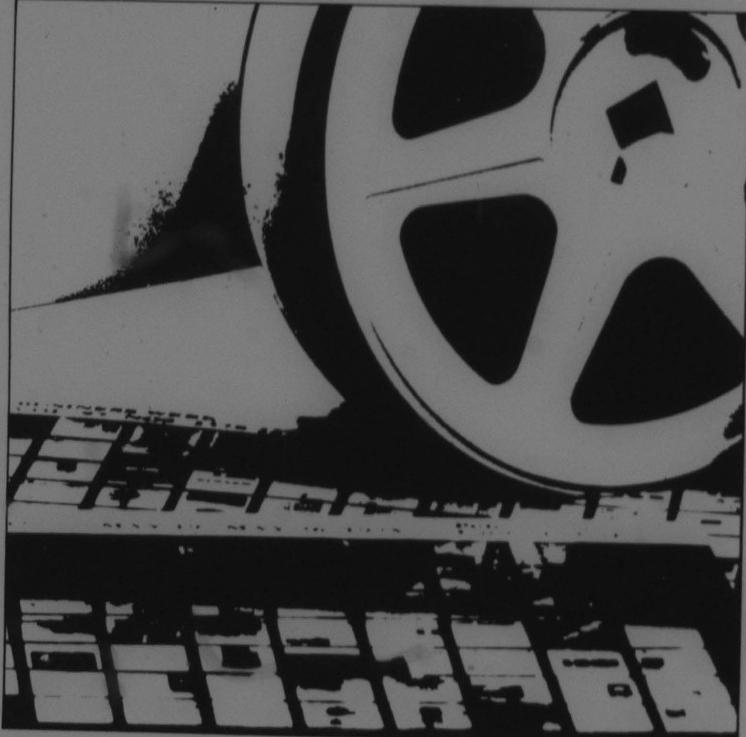
So too does retailer advertising. If you don't think that sales will support advertising, perhaps you should not make a quick decision to carry personal computers.

On the other hand, in six months all of your competitors could be advertising, too, robbing you of the chance to more easily establish yourself in the consumer's mind.

One of the first things that has to be decided is where the computers will be sold. Room should be allocated not only for hardware, but also for several peripherals and a wide range of software. As happened to videogames, computers could soon become a razors and razorblades market.

In a department store, thought might be given to merchandising computers alongside videogames, televisions, VCR's and videodiscs. ●

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VIDEO/CES REPORT

Price cutting and lack of programming plague videodisc, say retailers, suppliers

By Pamela Golden, sr. assoc. ed.

LAS VEGAS—Extensive price cutting and lack of adequate programming are two heated issues plaguing the videodisc business, agreed a panel of video suppliers and retailers at the Consumer Electronics Show.

And while programming for VCR's is better, price competition has managed to hurt retailers' profits in this hardware category too, they said.

One solution cited was to stress services and benefits, not price, in hardware sales. Others called for more software—such as cultural programs and even X-rated material—to round out disc assortments.

Several panelists expressed optimism that profitability will improve once manufacturers start marketing their products "at the right time" so that retailers don't lose their price advantages.

Prices are slashed

In recent months, the prices of videodiscs have been slashed by retailers throughout the country. Such action prompted one manufacturer, Hitachi, to lower the suggested list price of its unit to \$349.

Others too believe that price is the vehicle to generating videodisc sales. Noted Thomas Kuhn, RCA Selecta-Vision vice president, the industry is facing severe hardware price competition and a price point must be found at which sales of the players will explode.

But some on the panel suggested that the price cutting can be avoided. It is, they said, the lack of adequate programming which is spurring the price wars—since consumers cannot purchase the discs they want.

"Price is not the issue, programming is," stated Frank Lann, president, N.A.P. Consumer Electronics. "If movies weren't offered in so many different mediums, price would not be an issue at all. After all, RCA gave the player away and look what happened," he remarked.

Nevertheless, two of the retailers on the panel, Julius Kretzer, president, Kretzer's Home Entertainment Centers, Mobile, AL and Jack Luskin, president, Luskin's, Baltimore, MD, pointed out that they had good success with the videodisc, and both expect it to become a very viable product. But they too cited the need for expanded program offerings.

Said Kretzer, "I have been successful with the player, but the software is moving even better." He went on to say, "I think we have to find a price level well below the VCR in order to make this a viable business."

Luskin, too, is moving the discs in his stores but stressed that "RCA must address itself to software. There are just not enough cultural programs such as opera and ballet, or how-to discs at this time." Consequently, sales are being lost, he explained.

Luskin also believes that other producers are needed, including those of X-rated material.

At this time, no X-rated programming is being pressed on any videodisc system, and reportedly, none of the major firms plan on doing so in the near future.

Videocassette recorders are faring better than the videodiscs—at least there is programming, noted pan-



SELL BENEFITS AND SERVICES to make a profit with videocassette recorders, advise the panelists at the Winter Consumer Electronic Show's video seminar.

elists. But despite strong sell-throughs, some merchants reported, they still find themselves unable to make a profit. The reason, they said, is that they are trying to compete with the discounters and are finding they just can't. Others, however, have found some solutions to this problem.

"You can't compete with catalog

showrooms or discounters on a price basis," Kretzer stated. "You must create your own image, sell benefits and service in the sales presentation, not price. You will be able to get your price and maintain a reasonable profit margin because of the services offered," he added. He also suggested that retailers sell step-up

models as well as complete lines.

Alan Wallace, vice president of sales, Hitachi, agreed. "You must get away from selling price," he told the audience. "Look at product mix as well as the type of product you stock. Sell more portables because there is more to sell, so there is additional profit to be made."

Several panelists expressed optimism that profitability will improve for all categories when manufacturers learn to market their products better. New introductions every six months, said some, have caused problems for many video dealers.

The problem, said Lann, is not that the products are changing too fast, but that the U.S. manufacturers are not marketing them properly. "There must be improved management between the master producers in Japan and the distributors (like us) in the U.S.," he declared. "We are just not bringing the right products out at the right time so retailers are losing their price advantages."

He promised the audience that he is taking steps to correct the situation and that only time and future product introductions will tell if he is successful.

VHD videodisc launch catalog will contain 110 titles

By Pamela Golden, sr. assoc. ed.

LAS VEGAS—The VHD videodisc is scheduled to appear on dealer shelves this summer, but the introduction will be relatively low keyed when compared to the RCA splash last year. Even though the launch catalog will offer 110 titles, initial distribution of both the players and the software will be selective.

The VHD consortium, consisting of four manufacturers (JVC, GE, Sharp, Panasonic/Quasar), was very much in evidence at the Winter Consumer Electronics Show, with each displaying its player at the booths. The players were also on display as part of the VHD Programs exhibit. Although the basic players are the same, the individual manufacturers have made modifications and each player will be distributed and marketed separately.

Catalog contains 110 titles

The launch catalog will contain 110 titles consisting of 63 percent movies and 20 percent music and theatrical programs. It will also include eight to 10 percent how-to and instructional, five percent children's and some documentary titles. Forty of the titles are exclusive to VHD.

So far, licensing deals have been made with Paramount Home Video, Columbia Pictures Home Entertainment, MCA, United Artists and NFL Video. Other deals are still pending and Paul Foster, vice president of programming, said no X-rated programs will be pressed.

Pressing was to begin on February 1 at the Irvine, CA plant and the number of discs pressed will depend on the program. "Major motion pictures will be pressed in larger quantities," Foster explained. However, he expects an average of 20 discs to be sold per player.

At the outset, the software will be sold in those stores carrying the player, reported Lou Delmonico, vice president, marketing. "The reason," he said, "is that the success of the player is based on the software and we feel both will sell better if a customer can make the purchase in

one store." However, he added, "If a software-only store wants to sell discs, we will not deny them merchandise."

VHD Programs will support its product line with in-store displays, demonstration discs that explain the features of software and the breadth of the catalogs and brochures. The suggested list price of the discs will be between \$14.95 and \$29.95. And, Foster said, an additional 100 to 150 titles will be added to the catalog in 1983.

Hardware programs vary

Distribution of the hardware will be monitored as well. The JVC videodisc, which includes a full-featured, lightweight wireless remote control, will be sold in 150 to 200 selected stores. The dealers who will be chosen are the finer department stores, hi-fi stores and video stores, disclosed Martin Homish, director of marketing. "These are stores that will accept our sales training and participate in a full scale program," he said.

And JVC will support dealer efforts, explained Homish, with in-store displays, a generic demo disc and point-of-purchase material plus advertising mats for newspaper, radio, magazine and television ads. JVC will also conduct a national advertising campaign to tell consumers about JVC and its previous accomplishments in the industry.

Homish pointed out that JVC will offer dealers a package consisting of the videodisc player, a stereo monitor, power amp and receiver in order to create a home entertainment environment. The player will retail somewhere between RCA's \$500 list price and the \$700 for the Magnavox.

General Electric will sell its VHD player through its established dealer base and also plans to support it with sales training, point-of-purchase and selling aids. Production of the player, which GE will get from JVC, will begin in Japan in March and the price will fall into the same range as that of JVC's unit.

Although Sharp has not yet firmed



SELECTIVE DISTRIBUTION is planned for the JVC videodisc, with between 150 and 200 stores carrying the player.

up its marketing plans, it has decided to sell the player without a remote. However, the unit will offer an optional separate console to provide remote and time-chapter random access features.

Panasonic and Quasar are still undecided as to whether their player will be remote or non-remote. Marketing plans also are sketchy.

Give a video present

CHICAGO—"Give a Video Christmas," shouted the headlines in a Video-Concepts ad that ran in the Chicago Tribune in December.

The full page advertisement displayed life-size pictures of the equipment including an Atari 2600 video-game for \$139 and a Mattel Intellivision system for \$249. Game cartridges were on sale at the same time for \$18.90 and \$24.90.

Merchandising

PERSONAL ELECTRONICS

123
456
789



INCREASED SOFTWARE availability is helping to stir excitement about home computers. Offerings include educational programs for children.

CES buyers crowd to inspect computer and software intros

By William Silverman, sr. assoc. ed.

LAS VEGAS—The home computer market is set for explosive growth this year, according to manufacturers and retailers. Not only do computer videogame capabilities often exceed those of game consoles, they explain, now, software has also begun to fill many practical applications.

According to CES participants, increased software appeal is the real bottom line. As with videogames, "razorblades" often make the profits, not the "razors."

New products on display included what could be the first volley in a Japanese attack on the U.S. market. It came in the form of a Panasonic desktop computer with 16K RAM and 8K ROM. The computer has a \$199.95 suggested retail, and a \$200 modem also doubles its power. Deliveries begin in August, said Bob Zangrillo, the product's sales manager.

"We're set to produce hardware, peripherals and a vast library of software to support dealers," he added.

Two new home computers debuted from Commodore, the Ultimax (see page 37) and the Commodore-64. Competitive with the Atari 800 and the Apple II, among others, the Commodore-64 has a suggested retail price of \$595. It is programmable with a CP/M option, and has 64K of memory. Deliveries are scheduled to begin in the spring.

A Vicmodem, retail \$109.95, connects directly to the user port of the VIC 20. It goes to retail stores in the spring.

Seven new Commodore VIC cartridge games also debuted at \$29.95 each. An "Introduction to Programming" package includes two cassettes and a home study text at \$24.95. A home calculation "six pack" costs consumers \$59.95.

Atari dropped the suggested retail for the 800 model from \$1,080 to \$899. However, the retail prices of some programs and packages were increased. Three game programs—Pac-Man (available in the second quarter), Centipede (second quarter) and Cavars of Mars (first quarter)—bookkeeping package and a home filing system were introduced.

Mattel vice president of sales Richard Hoag confirmed to *Merchandising* that the Intellivision keyboard component will indeed be nationally available in the second half of this

year. The 60-key typewriter keyboard wholesales for \$450. A 40-column thermal printer will be sold separately by mail order.

Another videogame manufacturer, Astrovision, showed its Zgrass-32 add-on to the Astro Professional Arcade. A special chip allows it to "talk."

Twenty-six new software packages for the TI-99/4A home computer were demonstrated by Texas Instruments. They included educational programs for children, home management offerings for adults and entertainment for the entire family. Also, the TI Video Controller links the computer to selected videotape players or to the Pioneer videodisc player so that the computer can automatically direct a tape or disc to predetermined segments.

(Continued on page 62)

Sanyo digital watch has radio and headset

By William Silverman, sr. assoc. ed.

LAS VEGAS—"A Walkman on your wrist...Dick Tracy...2001..."

That's how Sanyo Electric product sales manager Andy Pargh described a digital watch with a built-in radio and a mini-headset.

The watch has a suggested retail price of around \$50 and is scheduled for June deliveries. It will be "aggressively" merchandised, Pargh said.

An FM model will follow six months after the first shipment. There are no definite plans for a stereo unit.

Knock-offs are expected, and Jupiter Time national sales manager Maury Sherman said he would have his own version by mid-year.

In the meantime, stressing game watches and other highly featured models could be the only way for electronics retailers to maintain dollar volume this year.

Represent extraordinary value

The popular alarm feature, along with chronographs, calculators and now games, often represent extraordinary value for under \$40, pointed out Casio national accounts manager Jon Witt. As a result, according to Len Sherman, Q+Q brand, CBM America national sales manager, the over-\$40 LCD can no longer represent

(Continued on page 63)

PERSONAL ELECTRONICS/CES REPORT

Videogame intros and new suppliers spur excitement, sales

By William Silverman, sr. assoc. ed.
LAS VEGAS—Enthusiastic retailers crowded videogame suppliers' booths at the Consumer Electronics Show. Some reasons why:

* Atari unveiled its "Supergame," to retail at a suggested \$349 beginning in the second half of 1982. It features improved graphics and sound, and sophisticated hand controllers. At least 10 cartridges will be immediately available, including Super Breakout, Space Invaders, Missile Command and Asteroids.

The new cartridges are not compatible with the Video Computer System. New releases for the VCS, to be introduced at the rate of one a month this year, will stress arcade games such as Pac-Man, available in March, Defender, in June and Berzerk, in August. Super Breakout debuted in January.

* Mattel Electronics showed its Intellivoice module, to wholesale for \$55 starting in May. The first voice cartridges are Space Spartans, B-17 Bomber and Bomb Squad. These games require the add-on component to achieve full play value.

Most of the 12 cartridges due to be in stores by June do not require the module. These include Frog Bog, Card Fun and Reversi, all \$14.50 wholesale. Sub-Hunt, Tron Deadly Disc and Tron Mazatron wholesales for \$21. Dungeons & Dragons, Space Hawk, Utopia, Star Strike and Night Stalker are \$25. A chess cartridge, Mattel's first to feature 8K memory, wholesales at \$36.

* Odyssey 2 announced that the Great Wall Street Fortune Hunt will be shipped in February. It will retail for \$49.95. Another game cartridge, Keyboard Creations, uses the entire 49-character keyboard to create messages and titles for VCR tapes.

* Astrovision introduced seven new cartridges for the Astro (formerly Bally) Professional Arcade. These include Munchie (similar to Pac-Man), The Wizard, Solar Conqueror, Cosmic Raiders, Space Fortress, Pirate's Chase and Quest For The Orb.

In addition, Coloring Book With

Light Pen creates art, and Music Maker creates music.

* The Commodore Ultimax, at a suggested retail of \$149.95, features a full membrane keyboard, programming in Basic, and the use of both cartridges and cassettes for games, programming and music synthesis. It is compatible with joysticks, paddles and light pens, uses a tape recorder for program storage, and creates polyphonic tones for music synthesis. It will be available in the spring.

* Tryom debuted a Video Computer Center, at around \$120, along with 26 cartridges.

* Coleco intends to become a factor in software, and may ultimately produce its own game unit. The cartridges available in the first half of this year stress arcade games like Donkey Kong, Phoenix, Venture, Mousetrap, and Vanguard at \$25 to \$30 retail.

* Activision's new games, Barn-

storming and Grand Prix, will be available in March. An increased manufacturing capability will help keep them on retailers' shelves, although some Christmas-time shortages are still expected.

* Imagic introduced its first three video games for the Atari system—Star Voyager, Demon Attack and Trick Shot. Mattel-compatible cartridges will debut soon.

* U.S. Games Corp., another new software supplier, is set to ship Space Jockey in mid-February. The Atari game has a \$24.95 list, and will be joined by seven others this year.

Reaction to sales explosion

The proliferation of manufacturers is a reaction to a videogame explosion that left many retailers short of product last Christmas. Cartridge sales of \$500 million last year will double in 1982, according to Coleco.

(Continued on page 62)



THE SALES BONANZA of videogames is expected to continue, as witnessed by the proliferation of product offerings.

Solar to fuel replacement calc sales in '82

By William Silverman, sr. assoc. ed.

LAS VEGAS—Improved solar cells and lowered power requirements resulted in a wider range of light-powered calculators at the Winter Consumer Electronics Show.

Other ways by which manufacturers hope to inspire what is now essentially a replacement market include portable printers, sometimes at lowered price points, enameled and fashion looks, and new features. These included games and even talking calculators. In addition, prices for some basic models have dropped to under \$8 at retail.

Blister packages could be found everywhere, although some retailers had mixed reactions to them.

Alluding to the theft problem, Gaylon Whiteside, West Coast photo and sound merchandiser for the 110-unit Pay 'n Save drug store chain said, "Certain markets could move a lot, but not sell a lot."

"We've upgraded quality-wise, and calculators are a stronger,

growing category for us," he continued. "Customers have moved up price point-wise in the types of calculators they are willing to invest in."

"They are looking for solar-features—solar units will be very strong," he continued. "The printing category is also extremely strong, and we feel very excited about handheld printers." Still, while "anything under \$50 is moving well for us, units over that were somewhat soft this past Christmas."

"Calculator pricing is definitely going down," said Marty Smith, general merchandise manager for Bi-Mart discount stores in Oregon and Washington. "There's good quality at reasonable price."

"I've seen a great influx of solar and lower-end scientifics, which I think is all to the good," he continued.

The trend for the next two years will be solar, to the point where most new models will be light powered, predicted Texas Instruments product manager Bill Turner. An emphasis on portable printers also continues, he said. The new TI-5040-II desk-top thermal printer has a \$46 dealer cost and a \$75 suggested retail.

Recently, TI has stressed merchandising, including packaging and advertising, to move ahead in a replacement market, Turner said. And although prices have not declined much, said Electronic Systems Corp. vice president Keith Rapp, limited growth from 30 to 31 million units could result in a slight decrease in dollar volume. Electronic Systems' new line stresses the enamel look, and Rapp added he also expects solar to become a good item.

New features stressed

According to Casio national accounts manager Jon Witt, calculators now are market of new features. Basics still sell day in and day out, at prices down to \$7.95, he added.

"The two big categories we are going into heavily this year are solar and game-specialty calculators," he continued. "Solar is selling extremely well in basic, credit-card and scientific calculators." Four new game calculators, including a boxing

model and one with three games, retail for under \$30.

Price erosion in printers, meanwhile, has not been too drastic, he said. The handheld HR-5 replaces the HR-10, and costs consumers \$39.95 instead of \$49.95. The desk-top HR-100 has been reduced from \$79.95 to \$69.95.

"Within a few years, solar will be 'it,'" said APF president Sy Lipper. "Solar prices are coming down to where, at \$11.98, people will buy, and solar jumped in the fall. Most merchants are looking at solar for the new year." APF enamel calcs can start at \$6.99 to \$7.99 at retail, he added.

"The calculator market is in low-end, inexpensive models with multiple features," said Sharp product manager Andy Pargh. "Solars will be mature in 18 months," he predicted, and will approach the size of the standard wallet calculator market. Among Sharp's new intros were a solar portable/desktop model, and a solar-powered scientific unit at \$39.95. In addition, a \$69.95 model features voice synthesis.

Priced under \$50, Panasonic's Compuvoice calculator also "talks." And the supplier's lowest price handheld printer, model 610P, retails at \$39.95. It measures 3-in. wide, 1 1/4-in. deep and under 7-in. long. The plain paper printer has a 10-digit LCD display.

Important developments in the market also included the introduction by Canon of two eight-digit wallet models at \$7.95. A \$19.95 metric and currency conversion model from Aurora and an \$89.95 10-digit plain paper desk-top printer from Toshiba also debuted.

In the area of music, Casio introduced Model VL-10, \$59.95 retail, a thin version of the VL-Tone. The calculator/instrument can store up to 100 musical notes for automatic playback. Model VL-5, \$149.95 retail, is a 37-key electronic keyboard with ten different voices and eight rhythms.

The user can also pass a scanner over printed bar code music so that the tune is automatically put into the keyboard's memory for instant playback.

Phone suppliers' advertising plans get mixed response from retailers

By Barbara Peters Smith, field editor

LAS VEGAS—Makers of phones and answering devices, anticipating great leaps forward in the 1982 home market, are unveiling and preparing larger-than-ever promotional campaigns, with one firm alone scheduled to spend about \$4 million this year.

Retailers polled at the Consumer Electronics Show, however, were more skeptical. Some pronounced themselves pleased by the plans for broader salvoes against resistance to provide phone ownership. But many others charged manufacturers with neglect at the retail level.

"These companies are spending megadollars, and anything that stimulates consumer interest will help me," conceded Phil Ault, president of Public Phone Stores, a nine-unit chain in Silver Spring, MD. "But what I'd like in addition to national advertising is more co-op support, and better artwork for me to use in my local TV, radio and newspaper promotions."

"Some of the national broadcast commercials I've seen at the show are really impressive," agreed Stan Wheeler, owner of Wheeler's CB, Big Bear Lake, CA. "The big trouble I have is that nobody follows up on it with my store. I have to fight and struggle to get the companies to send me any literature."

The store operates with a shallow inventory of phones and answering devices, Wheeler said, and point-of-purchase literature is essential to the selling effort.

"The companies are really spending their money on fantastic promotional packages," explained Diane Wheeler. "But by the time it reaches us, the impact is gone or the offer has expired."

Awareness has improved

Retailers and suppliers agreed unanimously that consumer awareness of the telephone-owning option

(Continued on page 63)

NEWSLINES

PERSONAL ELECTRONICS

123QS



Cosby promotes TI



300,000 will be sold



Odyssey 2 Adventure debuts



Watch for ice patches

SUNNYVALE, CA—Atari has announced its most comprehensive and extensive advertising merchandising program. In 1982, it will double last year's videogame advertising budget. The year-round campaign uses the theme, "Have You Played A Game From Atari Today?" and spotlights a new game cartridge each month. Atari plans blanket coverage of network and cable television, spot messages on local radio and television, and ads in national magazines and Sunday newspapers. In addition, dealers receive the advertisement planner and adviser. Point-of-sale support includes new display centers, consumer literature, buttons, window stickers and easel cards.

MILPITAS, CA—Activision's new 92,500-sq.-ft. manufacturing and distribution center will enable it to radically increase production of videogame cartridges in 1982, according to Allan Epstein, vice president of operations. The plant is a fully integrated operation, encompassing "everything from receipt of raw material components to assembly, testing and shipment of finished game cartridges," he said. "Activision has experienced outstanding growth in the last year," said president Jim Levy. "This new facility will provide a capability for handling the enormous growth we expect in the next few years." The company's corporate offices are at 3255-2 Scott Blvd., Santa Clara, CA 95051.

DALLAS—Texas Instruments' merchandising plans call for Bill Cosby to appear on radio spots, television commercials, print ads and point-of-sale materials during the first half of 1982. Programs include a first quarter TV commercial for the TI-5130 printer/display calculator. Promotional support for the TI-59 programmable calculator allows consumers to select one solid state software module from February through May. Through March, purchasers of Speak & Spell and Speak & Read also receive a free module. Following the success of the Cosby television commercials during the fourth quarter of 1981, TI will continue to promote its 99/4A home computer in 27 cities for seven weeks, from Feb. 15 to April 2. In addition, consumers will receive a free Munch Man module with the purchase of either four software packages or a software album. The point-of-sale program combines videotapes, the TI-99/4A and TI's video controller.

SAN JOSE, CA—Microelectronics Systems Corp. has entered the consumer electronics business with its initial calculator line. Efforts for the North American market focus on the department store, premium and mass merchant trade. According to Keith Rapp, vice president of operations and marketing, prices range up from a suggested retail of \$11.95. Said president Ronald Mickwee, "Our long-term plan calls for the development, on a step-by-step basis, of a consumer-oriented systems business which could offer learning aids, entertainment products, and calculator products, as well as basic word processing and computing products." The company is based at 1530 Trimble Road, San Jose, CA 95131.

CULVER CITY, CA—Telephone answering devices (TADs) should show "phenomenal" growth over the next two to three years, predicts Gerald Golden, president of Phonesitter. "There are over 74 million homes and 3.5 million small businesses that are potential customers for a home model," he pointed out. He defined a home TAD as an easy-to-use unit retailing for under \$50, or \$150 with extra features such as two-way conversation recording and remote control access. Golden expects that over 300,000 Phonesitter home TADS will be sold this year—a figure equal to the total of units sold by all TAD manufacturers/distributors in 1978. In 1981, Phonesitter sold about 100,000 units.

KNOXVILLE, TN—The premier issue of *Odyssey 2 Adventure* arrived at dealers' stores for distribution to consumers the day after Christmas. "As the official publication of the *Odyssey 2 Adventure Club*," said vice president sales, special markets Gerald A. Michaelson, "it will keep *Odyssey 2* owners abreast of the latest developments involving their computer home video game." Featured are behind-the-scenes information, tips from the experts, new product reviews and the chance to register high scores for prizes.

RACINE, WI—"New dimensions in learning" will be sparked by the Connectron electronic learning aid, according to manufacturer Western Publishing. The device is designed for three- to eight-year-olds and comes in two parts—a series of word and picture books and a microprocessor with a wand. When the wand is passed over the books it activates a "friendly" voice that identifies each word in the book and allows children to proceed at their own pace. Hailing Connectron as a first, senior vice president Jerry Saltzgaber described it as "the first popularly priced unit that combines optical scanning with voice synthesis." Twenty-four word and picture books have so far been developed by Golden Books, a Western subsidiary. Each book is sold separately, retailing between \$4 and \$8. The microprocessor unit will retail for between \$60 and \$80, and the system will be available nationally in early 1983, according to Henk Wolst, product manager, special products. The basic unit contains vocabulary based on 800 words, phrases and sounds, with an ultimate capacity of over 4,000. Additional cartridges that mesh with an array of books and extend the vocabulary range are scheduled for future development. Each cartridge will be sold separately. Planned subjects include Disney, Looney Tunes and Sesame Street, as well as foreign languages. The voices featured on the cartridges will include Mickey Mouse, Bugs Bunny, Oscar the Grouch and other characters.

NEW YORK—World Champion skiers Phil (left) and Steve Mahre warm up off the slopes with Intellivision "U.S. Ski Team Skiing" game cartridge from Mattel Electronics. The setting was Ski Ball XV, the U.S. Ski Team's annual fund raiser, held recently at the Pierre Hotel. Phil Mahre, the 1981 World Champion, and his twin brother Steve were among the U.S. Ski Team athletes honored by the more than 650 skiing enthusiasts who attended. An Intellivision home video system was later auctioned to benefit the team.

MOONACHIE, NJ—Maxell Corp. of America introduces the "Gold Standard" in computer floppy discs. Each disc is certified drop-out free at the time of manufacture. At the same time, Maxell extends its line with "double density-double track" mini diskettes in single- and double-sided formats. While these have 77 certified tracks, the actual density is 96 tracks per inch. The quad density products carry a suggested price of \$7.20 in single-, and \$10 in double-sided formats.

PERSONAL ELECTRONICS/CES PRODUCTS

Diet Trac intro'd by Mattel

HAWTHORNE, CA—Mattel Electronics' Diet Trac personal diet computer system brings the forces of computer technology to the aid of the beleaguered dieter.

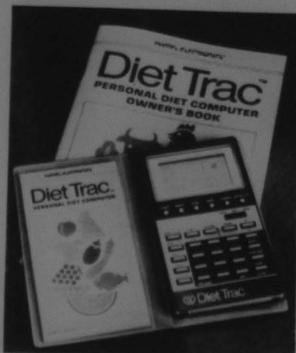
The pocket-sized computer elimi-

nates mental calorie calculations. It stores the information and establishes an accounting system that tracks the nutritional intake from the six basic food categories, as well as five critical nutritional groups.

The dieter punches in personal statistics, and the computer suggests how many pounds, if any, the dieter needs to lose to reach a desired and healthy target weight.

A daily eating plan is displayed on the LCD panel. It is based on the nutrition tables of the American Diabetes Association, which have been programmed into the computer.

Mattel Electronics, 5150 Rosecrans Ave., M, Hawthorne, CA 90250.



Mattel Diet Trac

Fidelity unveils 'World Champion'

MIAMI—World Champion Sensory Chess Challenger contains the program which won the second world Microcomputer Chess Championship in East Germany, Sept. 21-29, 1981. It is the strongest program on the commercial market, Fidelity Electronics said.

In addition, playability is enhanced by the Sensory playing surface that automatically "sees" and records every move. A full 50-word vocabulary announces game moves in one of four different languages.

The World Champion operates fifty percent faster than the original Champion Sensory Chess Challenger, Fidelity continued.

Also joining the product line is Sensory "9" Chess Challenger. Its chess program can solve mate in seven or more. Playability is again enhanced by the sensory playing surface, Fidelity said. Nine different levels of playing difficulty can be selected.

A strictly battery-operated chess opponent, the Sensory "6" chess challenger also has been introduced. It features six levels of playing difficulty.

Fidelity Electronics, Ltd., 8800 N.W. 36th St., M, Miami, FL 33178.



Fidelity 'World Champion'

Fuzzbuster Informer picks up 'all' radar types

TROY, OH—Fuzzbuster Informer uses an advanced integral detection that picks up all types of radar. This includes the "off" frequency signals other units miss entirely, Electroalert said.

The unit is completely automatic, with no knobs to turn or buttons to push. "Simply plug it in and you're ready to drive," Electroalert said. The Informer can be visor mounted and comes with its own bracket.

The suggested retail price is \$129.95.

Electroalert, Inc., 4949 S. 25-A, M, Troy, OH 45373.



Fuzzbuster Informer

Canon intros include low-priced calculators

LAKE SUCCESS, NY—Two calculators with the low suggested retail price of \$7.95 have been introduced by Canon U.S.A. Also new to the line are a time calculator, three solar models, a financial calc and a checkbook model.

The LX-30B is a blister-packed calc which Canon hopes will be popular with supermarkets, drug, hardware, stationery, toy stores and other high traffic merchandisers. The LX-30 is being marketed as a basic, economical calculator. Both are now available.

Canon U.S.A. Consumer Calculator Division, One Canon Plaza, M, Lake Success, NY 11042.

What's new at Code-A-Phone?



Everything.

Ford Industries, the world's largest manufacturer of telephone answering equipment, has unveiled its 1982 models. And frankly, we think we've outdone ourselves.

We've introduced a broad line of reliable message units perfect for every home or office need. Many of our new models, like our 1075, have been designed to give your customers more message recording time. Others, like our 1475 and 1575, have new tape saving features so they can be sure of getting all the messages their units are equipped to handle.

We've also introduced our new Memory Phone III. A sleek electronic telephone dialer with a 24 number memory storage capacity.

Of course, we've maintained our high standards of quality. And this year, we're offering many of our products at a lower price than last year's comparable models.

Now that you've seen what's new at Code-A-Phone®, call Steve Peake at (503) 655-8940, or write Ford Industries at 16261 S.E. 130th, Clackamas, Oregon 97015. And find out what carrying the Code-A-Phone® line can do for your business.

CODE-A-PHONE®
America's getting the message.

Code-A-Phone® is a registered trademark of Ford Industries, Inc., 16261 S.E. 130th, Clackamas, Oregon 97015.

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NEWSFEATURES

Retailer associations urge state legislatures to require opening dates be put on checks

(Continued from page 58)

felony) if that is later discovered to be false information.

Said Borsheim, "Half a loaf is better than none," and added, "The banks overreacted here and all over (to the bill). If they don't take some responsibility for bad checks, then the state has to pass legislation on it."

"The MRMA lobbyist recalled, "The banks complained that their customers objected to the date code. I don't buy that argument. Some customers ask to have the date put back on to give them more credibility with the merchants."

Virginia retailers now benefit from the same law, effective Dec. 31, 1981. "The date serves notice on the recipient of the check that it's a new account and he should travel care-

fully," said Sumpter Priddy, president of the Virginia Retail Merchants Association.

Merchants in Colorado and New Mexico were not so fortunate with the legislation but they have won voluntary compliance from some of the banks. "According to the bank lobby here, 60 percent of the banks are using the date code voluntarily, but the banks don't want it mandated," said Lee Bennet, president of the Colorado Retail Council.

"I was told by the president of one large bank, 'You run your business and leave the bank to me,'" recalled Charles Anderson, a New Mexico retailer who's been leading a crusade against bad checks for 10 years. "The Federal Reserve Board gives banks complete autonomy on their banking

procedures, so it's up to retailers to take the initiative to correct this criminal action (bad checks)."

He continued, "Every businessman should get a law on dating checks passed in every state." The retailer estimated 38 percent of the checks he receives at his two stores have date codes on them because of banks' voluntary compliance.

According to the executive director of the New Mexico Retail Association, Bob Gold, that state group is trying to mandate dating on checks but it won't be able to bring the bill before the legislators until 1983. He cautioned, "It's helpful to the merchants but some con men will still find a way around the method of aging checks."

"What we're doing in Utah is bargaining with the banks about

putting opening dates on checks, and it seems to be working," reported Irene Jorgenson, executive secretary of the Utah Merchants Association. "A bill on date coding was introduced last January but we asked the state legislator who sponsored it to withdraw it because we knew the bill, as it was drafted, wouldn't be feasible."

Jorgenson noted, "By working through the check printer, we've been able to ask the banks about using the opening date, and they have agreed to voluntary compliance on it."

"Our members out west say 80 to 90 percent of checks they print for banks have the opening dates put on them automatically," said Toof Brown, president of the Bank Stationers Association, which represents check printers. This is being done without any legislation in those states, including California, which processes at least three million checks a day, according to a Security Pacific Bank representative.

Preferring to avoid the legislative route, Sheldon Golub, assistant director of public relations for the American Bankers Association, had this to say: "The real responsibility belongs to everyone—the businessman, the bank and the depositor."



RETAILERS must press their state legislatures to require opening dates on checks, says New Mexico merchant Charles Anderson.

Video and self-contained arcade games debut at CES

(Continued from page 37)

"Atari Pac-Man will be a hit, predicted Craig Kommers of Electronix Mart, Berkley, WV. "Customers are already asking for it. The arcade games are proven winners."

"Advertising has created the demand, and it would be nice if we could just get the popular games," he added.

"The transfer of the coin-op market to the home is an unending opportunity, and that is what Atari, and now Mattel and Coleco, are basically doing," seconded Chuck Tanner, partner in Video Fair, Thornton, CO. Said another television store's sales

manager, "Every company needs to spend the time to get as close to the arcade game as possible."

Not all the electronic game excitement was in video, though. Despite having taken a bath in hand-held sports games last Christmas, many retailers seemed enthusiastic about arcade, educational and chess-type games.

A new arcade lineup from Coleco includes Pac-Man, Galaxian and four other self-contained games to retail at around \$70. From Mattel comes Action Arcade palm-sized games such as Space Battle (\$27 wholesale), Armor Battle (\$19), Formula Racer

(\$19) and four others.

In the self-improvement category, Texas Instruments debuted the Speak & Spell compact, to retail at about \$45. It features a review key, and lacks a display. The Little Professor has been upgraded with an LCD display for longer battery life.

In addition, Western Publishing introduced Connectron, for three- to eight-year-olds. It was described as the "first popularly priced unit that combines optical scanning with voice synthesis."

New chess games from Fidelity include the Elite (available now, \$995 suggested retail), World Champion (available now, \$395), Sensory '9' (June, \$165), Sensory '6' (June, \$115), Mini-sensory II (August, \$60) and a new Tarot party game (Mothers Day, \$50).

SciSys' Mark V, with a rating of 1900 plus, is shipping now at a \$295 suggested retail.

Novag's Handroid game will be available in April. "We were waiting for it to come in last Christmas; it would have created a lot of excitement," commented Michael Hood, marketing manager of Tronix, a Charleston, WV electronics store.

PROMOTION PIECES

Proctor-Silex mail-in offers bunny with purchase of Lady Light iron

A consumer mail-in offer for a nine-in. plush bunny (retail value up to \$8) is being run by Proctor-Silex on three Lady Light iron models. Point-of-purchase materials and drop-in ad slicks are available to remind the consumer that the Lady Light irons, at two lbs. 14 ozs. each, weigh less than a bunny. This theme is also advertised in a corresponding TV commercial.

The bunny will be mailed to the consumer upon submission of the sales receipt for purchase of the iron, a proof-of-purchase seal and the "I'm lovable and free" mail-in coupon. The offer is good on purchases made February through April.

A 12-in. bunny will be provided to dealers for every "at once" order of 36 units in a standard carton assortment.

Over \$125,000 in audio equipment will be given away to the first 10,000 entrants in a contest sponsored by Ohm Acoustics. The promotion is designed to attract new audio buyers to Ohm's 300 franchised dealer outlets throughout the U.S. and Canada.

Included in the prizes will be 50 pairs of Ohm Walsh 2 loudspeakers and 1500 Ultra Analog easy-listening audio fidelity discs. Open to the

public and dealer sales people alike, the entry deadline is May 30; the final drawing is scheduled for June.

The event will be promoted via direct mail and national advertising.

U-Line Corporation is running a \$100,000 sweepstakes event for dealers and distributor sales persons through Oct. 31. Based on their dollar sales of U-Line ice makers, combos, built-in refrigerators and compacts, sales people will earn points. Monthly point totals qualify them for over 800 prizes, including sporting goods, camping gear and lawn and garden equipment.

Also, sales persons will receive special bonus points if their quarterly sales match or exceed those from the same period the year before. Those who meet a set point total qualify for a free weekend trip-for-two to any one of 100 cities in the U.S.

Melitta is offering shoppers a "sweeter deal" by reducing the prices on two top-of-the-line automatic coffee makers. The suggested retail price for the eight-cup model, the ACM-132, has been cut from \$54.95 to \$49.95. The cost of the 10-cup ACM 10a has been reduced from \$49.95 to \$44.95. Savings in the cost of goods was the reason for the price cuts.

Computer suppliers and retailers agree on importance of software

(Continued from page 32)

ments of the video system. A peripheral expansion system, in addition, has eight slots for board-type modules and eliminates the trolley car-type linkage problem. Its suggested retail price is \$249.95.

TI Product Manager Bill Turner pointed out the importance of software sku's: "The consumer goes back to the store where he bought the hardware. If the retailer doesn't carry 40 to 50 sku's, he's losing business."

Retailers also stressed the significance of software. "We're looking at Atari, Mattel, APF—anything with good software support," said Mark London, manager of the Video Center, Birmingham, AL. "Hardware we give away."

"You can sell home computers for a value—it has a benefit to the consumer," said Marty Smith, general merchandise manager for the

Bi-Mart membership discount stores in Oregon and Washington. "There's more software now, more holding power and more and more people interested in it for keeping records."

Gordon Wyatt of Wyatt Electronics, Durant, OK expects higher sales volume because of increased software for small business. Another small town retailer, Bill Bray, owner, Temar Inc., Marble Falls, TX, predicted a big shakeout among manufacturers. "Software, not hardware, will decide who wins," he predicted. "Self-improvement and education is where all the action will shape up."

Home furnishings merchandise manager for the Broadway Department Stores, Los Angeles, Richard Clark said the Atari 400 computer did extremely well in all stores last fall. The 800 was in five stores, and also did very well, and further expansion is likely.

LOOKING BACK

75th
ANNIVERSARY

Pantomime window displays sell appliance message in '32

By Rondi Stearns, contributing editor

Fifty years ago, 1932—Appliance windows at Queensborough Gas & Electric Co. were "so unusual and interesting that mothers pushed their baby carriages to them as a 'destination,' and folks in general made a detour if necessary to see the new window in their locality every other week."

The windows served as "miniature pantomime theatres" but were designed with a eye to selling strength. Queensborough's painted and cut-out backgrounds followed in a general way the stage effects of "Little Theatres."

Gnomes played tricks to emphasize a selling point. Vacuum cleaners physically "beat and swept" as they cleaned. Squads of small merchandise items floated around in the air without any apparent means of support. An angry cut-out man made dishes dance on a table with a striking fist, because "There ain't no waffles."

The volume of business generated by these windows could not be correctly estimated. However, the company's outside sales force gave them a lot of credit "as the selling point of a particular item dramatized in the window was so often favorably remembered by the prospective customer."

Meanwhile, the need for displays was emphasized by the Virginian Electric Company, Lynchburg, VA. "The thumping decline that heating appliance sales underwent in the year 1931, may, in part, be explained by the fact that power companies as a whole gave them a less important place in their merchandising plans for the year." The selling job, therefore, was left to department stores and dealers.

The Virginian Electric Co. exhibited a special display case for heating appliances. In addition, while selling refrigerators, washers and radios, which constituted the most important part of the business, dealers stressed heating appliances.

"If salesmen have a prospect for a washer or a radio set, they are just as careful to inquire into the need for an iron, a toaster, a clock or a percolator. And in many cases, while a refrigerator and washer were found difficult to sell and competition on these devices was most active, there was often little difficulty in interesting the prospect in one of the smaller appliances."

That same month, the Ohio Power Co. gave a farm tour demonstration to generate its prospects in a rural area. Fifteen ranges installed at Winkleplect Grove, Sugar Creek, OH prepared 300 lbs. of baked ham for 6,000 people.

Video specialist adds Atari home computers

ARLINGTON HEIGHTS, IL—Variations in Video, the "video specialists," was recently "proud to announce the addition of Atari Home Computer to its line-up of fine video products."

The pre-Christmas full-page ad termed Atari home computers "the perfect gift for your whole family."

Both the Atari 400 and 800 computers were pictured, with holiday ribbons, in the foreground. An obviously pleased couple with two children beamed at the reader.

From electric refrigeration
kept thousands of dealers
in business in 1931

The refrigerator
that fits your business
... most advanced electric
refrigerator on the market today!

Hermetically sealed unit . . . No kitchen repairs . . . No intricate adjustments . . . No replacement of parts . . . Fewer moving parts . . . No moving parts required . . . Costs less to operate . . . Handy temperature controls . . . More usable shelf space . . . Beautiful, graceful, cabinets . . . Flat, usable top . . . No installation problems.

THOUSANDS OF DEALERS stayed in business in 1931 because of profits from refrigerator sales, said Servel Sales, Inc.'s ad in the February, 1932 issue of Electrical Merchandising. The copy describing "the most advanced electric refrigerator on the market today" promised similar results for 1932.

In another public demonstration, the Voss Mig. Co. proved the strength of their new corrugated steel washer tub by letting Minnie, a circus elephant, try it out for a seat.

Dice-roll moves freezers

Twenty-five years ago, 1957—A "cash spiff plan" was devised by the Northern States Power Co., Minneapolis, MN, in a freezer campaign which topped its 1,000-unit goal with 1,359 freezers.

In the promotion, retail salesmen were given extras paid in silver dollars. The dozen reps of the Northern States Power Co., who called on 75 dealers during the campaign, were provided with one jumbo die and a pocketful of silver dollars.

For each sale made the salesman closing the deal would be allowed to roll the die once and be paid from \$1 to \$6 depending on what number came up.

Another promotion that month helped a Kansas City dealer sell TV's. A puppet named "Old Gus" starred in an extensive radio advertising campaign and also showed up in the store to promote "Old Gus Specials."

Malcom Magers of Vesto-TV, Kansas City used the squeaky-voiced puppet to help develop Vesto's "selling personality." He also used his own "foghorn-like voice" to tell radio listeners that "Vesto's sells television—and only television."

To increase traffic in his store, Magers made "judicious use" of

radio advertising. He used other media—newspapers for price ads, for example—but reserved his main efforts and budget for radio shows. "His top programs were popular music—with disc jockeys—that caught the younger, more entertainment-conscious group."

Merchandising's February "idea digest" included a map which not only aided the public, but also served as an attention-getter. Gran-Schaefer, a radio/TV retailer in Van Nuys, CA, conducted business in a rapidly growing commercial and residential district. He displayed a city map which helped an unfamiliar public find their way around and also "established the store in a possible prospect's mind."

Another suggestion that month was to offer customers snacks that could "help spark housewares sales at negligible cost in time and money." Beef rolled into cocktail-sized meatballs, combined with spices and "done-to-a-turn," was a hit in a frypan/skillet demonstration. "It's a time-tested method which seldom fails to attract the prospect who is 'looking-around,' and helps to clinch the sale."

Refrigerators lead year's sales

Ten years ago, 1972—Merchandising's "How's Business?" statistics revealed that refrigerator sales were up 10 percent from the previous year and that for the first 11 months of 1971, all major appliances, with the exception of air conditioners, showed

some volume increases.

The regional sales picture, comparing monthly performances with those of the previous year, showed the Southwest to be strongest, with refrigerator sales up 24 percent and ranges up 14 percent. Revived air conditioner sales revealed a booming 57 percent increase.

On the other hand, business was slow in the West. Refrigerator sales increased by a slight one percent and air conditioners were up only five percent, while freezers and ranges were down eight percent.

Meanwhile, in the tape market, manufacturers were moving toward standardization. "Manufacturers said they felt there was room for both the eight-track and the cassette—with the eight-track emerging as primarily an entertainment unit and the cassette as an educational and industrial tool."

That same month, housewares retailers were said to be "going plastic in search of profits." Reasons cited for the renewed emphasis in plastics included:

* The products themselves are better, in terms of design, of the grades of materials, and of course, value.

* The promotions being offered are better, not necessarily different, but better nevertheless, in terms of displays.

* The business has become more stable on the manufacturers' end with resources putting more effort into developing programs, particularly for key accounts, and a good deal less effort into chasing random orders with what manufacturers and retailers call "ludicrous deals."

"The business is a hell of a lot cleaner" is the way one source sums it up, and other sources, both manufacturer and retailer, concur.

Plastic housewares expected to be the hottest sellers were beverage servers, including utilitarian decanters, and decorative pitcher and tumbler sets. The trash can business was also cited to hold promise.

On the promotional side that month, retailers were finding it more profitable to "go it alone" during the traditional post-Christmas color TV sale season than to rely on factory-initiated programs.

The problem with factory-sponsored promotions, retailers told *Merchandising*, was that "national sales cannot be finely tailored to meet local competitive conditions and the peculiar requirements and resources of each store."

In addition, retailers cited weaknesses of individual manufacturers' programs, such as "lack of fresh approach to distinguish the post-Christmas sale from pre-Christmas events, inadequate price reductions or insufficient supplies of sale merchandise."

THIS YEAR marks the 75th Anniversary of *Merchandising* magazine. And to celebrate, the editors are already at work preparing an issue for April to review the years the magazine has been reporting on everything from light bulbs to videodiscs. Looking over the back issues, we've found a number of items we couldn't wait to share with you. So here, for your entertainment, is an early look back at *Merchandising's* first 75 years of publishing.



HOW TO STAY AHEAD IN A DOT-EAT-DOT WORLD.

The way ATARI stays ahead is simple: we just give America a steady diet of the most exciting, challenging home video games we can come up with.

Like PacMan.* It is now the most popular arcade game in the world. After all, how many other games let you steer a hungry, dot-like character around in a maze, where it eats up other, smaller dots and an occasional Power Pill? And how many other games let you chase little blue ghosts around until they change color and start pursuing you?

The most important question is, how many other companies will offer a home video game

program of PacMan*? Again the answer is obvious. Because only ATARI consistently brings the world's most popular arcade games into the home. We did it with Space Invaders,** we did it with Asteroids,™ and this spring, we'll be doing it with PacMan.*

We'll also have many other new games coming out in 1982—including Defender† and Berzerk††—and we'll be supporting them with the biggest advertising and promotional program in our entire history.

All of which is sure to be appreciated by consumers everywhere. In fact, we're certain they'll eat it up.

*Indicates trademark of Midway Mfg. Co.
**Indicates trademark of Taito America Corp.
†Indicates trademark of Williams Electronics Inc.
††Indicates trademark of Stern Electronics Inc.
™Indicates trademark of Atari Inc. © 1982



75th
ANNIVERSARY

A GRALLA PUBLICATION

Merchandising

MARCH 1982

THE NATIONAL MAGAZINE FOR ELECTRONICS ■ HOUSEWARES ■ MAJOR APPLIANCE RETAILERS

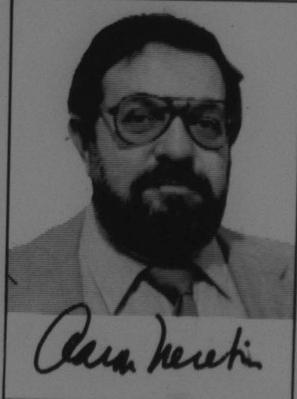
- | | |
|--|--|
| 7,267,000 smoke detectors | 7,702,000 digital clock radios |
| 1,477,000 gas grills | 3,921,000 12-in. black and white TV's |
| 4,104,000 countertop microwave ovens | 175,000 color video cameras |
| 2,221,000 electric clothes dryers | 1,703,000 X-rated tapes |
| 284,000 compact washers | 289,000 portable VCR's |
| 3,108,000 headphones | 2,501,000 videogames |
| 11,303,000 pairs of car stereo speakers | 359,000 advanced electronic telephones |
| 2,760,000 mini-card calculators | 6,302,000 cassette/radio combos |
| 597,000 personal computers | 920,000 scanners |
| 697,000 telephone answering devices | 422,000 cordless telephones |
| 3,484,000 color TV's with remote control | 155,000 equalizers |
| 200,000 travel irons | 350,000 15-cu.-ft. freezers |
| 1,953,000 toaster oven/broilers | 1,511,000 high-E.E.R. air conditioners |
| 375,000 coffee grinders | 483,000 continuous-clean gas ranges |
| 2,917,000 canister vacuums | 789,000 side-by-side refrigerator/freezers |
| 6,179,000 electric shavers | 4,830,000 ceiling fans |
| 501,000 microcassette recorders | 4,300,000 air purifiers |
| 634,000 cassette decks | 1,442,000 foot massager/baths |
| 540,000 electric toothbrushes | 1,304,000 electronic bathroom scales |
| 4,355,000 desk-top calculators | 4,123,000 timers |
| 23,595,000 digital watches | 4,823,000 blenders |
| 2,733,000 telephones | 2,703,000 hot air cornpoppers |
| 518,000 radar detectors | 3,186,000 food processors |

ANNUAL STATISTICAL & MARKETING REPORT

VCR's, air filters, microwaves report in as 81's hot products

Product Analysis: Microwave pricing becomes more crucial as the industry starts to mature

Pushing EER's: Cash rebates from power company promote energy-efficient appliance buys



Editorially Speaking

Watch for CED videodisc players, software to become the industry's razors and blades

It finally looks like the electronics industry has glommed onto a "legitimate" razor/razor blade concept, but the cost may be too high for most electronics suppliers who might be in danger of slashing their wrists.

Just about a year ago, RCA, with great fanfare, introduced its CED videodisc player at \$499 list. This followed, by two-plus years, the introduction of Magnavox's laser videodisc player and the then more recent bow of Pioneer's laser player. The laser units were moving with all deliberate lethargy at prices ranging from the mid-\$500 to the high-\$800 range.

Within a very short period of time from the RCA introduction, retailers were taking the CED price to the low-\$400 and the middle-to-high-\$300 range in an effort to stimulate business. Most recently, with Hitachi, Toshiba and Zenith busting loose with introductions and sharp price breaks on CED, the price plummeted to the low- and mid-\$200 area with many dealers even willing to take a loss just to move the goods.

While all this was going on, Magnavox and Pioneer continued to have difficulties in providing adequate videodisc software titles and quantities, but RCA's library grew consistently from the start. It is now, by far, the largest provider of

videodiscs from a title, quantity and distribution point of view.

Which brings us to current developments and the booming of the videodisc razor blade.

Recently, RCA's videodisc player operation, after much resistance to the overwhelming evidence of price/sales relationships, told its distributors who are telling their retailers, that the retail cost of the player has been severely reduced (to the mid-\$200 area) which will allow for sale prices designed to move units in large quantities. The result should be a significant breakthrough in videodisc player sales for RCA.

The move is also significant in that it seems to provide for a marginal profit for RCA's hardware division, while exploding, even further, the potential for RCA's software operation.

And make no mistake about it, even if videodisc player sales lagged, videodisc sales soared. Such videodisc activity in the face of a comparatively small player population must have encouraged the decision to make the videodisc the profit center for RCA's player/disc operation.

It certainly looks like the smart electronics dealer would do well to be sure he builds his library of videodisc inventory or risk losing it to record-type outlets.

One other fact that now comes into play could also drastically alter the face of videodisc player operations in the immediate future. While the razor/razor blade theory would seem to work well for RCA, which controls both elements, what happens to the other player suppliers?

They have no videodisc software entities of their own, but must match the competitive pricing of RCA while realizing that every player sale they make is a boon to the software end of the business.

There should be some interesting decisions made over the next few months.

OUR NEXT ISSUE, April, will be our special anniversary issue marking the 75 years that *Merchandising* has been on the scene reporting on the electronics, housewares and major appliance industries.

Our editors are busy at work collating a massive amount of material so that this issue will provide not only a fascinating history but a strong look into the future of our businesses.

We know that you will enjoy and retain this issue over a long period of time and look forward to your comments and contributions to *Merchandising* throughout this anniversary year and into what we hope will be an immediate and happy future. ●



From the Capital

Congress considers cutting FTC's powers to seek out deceptive retail selling practices

Expect a hot debate this spring over the powers of the Federal Trade Commission. It is possible that Congress will cut back substantially on the authority of the agency to track down any retail selling practice deemed deceptive or unfair—and such a curb would have an effect for years to come.

The irony of such a debate now is that the Reagan administration—and its nominees to the commission—want the agency to play a more limited role in the U.S. economy. They think that shoppers can make the right decisions most of the time, and that businesses which do not give the public what it wants will go bust. Prosecutions for false advertising claims, for instance, would be limited to those claims that a consumer would have no simple way of proving true or false.

Ordinarily Congress would not move to curb an agency that is curbing itself. But in 1979 and 1980, the lawmakers thought the FTC was overreaching, and added to its money bills a lot of restrictions, limiting, for instance, its ability to attack trademarks or to go after advertising by issuing broad rules. Many of those prohibitions run out this coming September, ensuring that there will be moves this year to continue them.

But once the question of limits on

the commission is opened up, there's a good chance that congressmen will want to add to the list. One possibility, being promoted by the National Association of Manufacturers, would write into the basic FTC law more precise definitions of unfairness, and not let the commission act against practices not covered by the definition.

The existing limits on the commission would have been much more stringent except for diligent lobbying by the five commissioners. Now, with much of the brass opting for more limited powers, such Hill pressure will be less, making more extensive limitations easier to get through the House and Senate.

Chances are good that none of the powers that Congress may take away would be much used by the present regime at the commission. But if they are followed by a more activist commission, the agency's statute may have been so limited that Washington will be effectively out of the business of regulating marketing practices. It will then be up to local regulators to decide what stores can and cannot do.

SHORT TAKES: The Federal Communications Commission will probably give the go-ahead to stereo AM before summer....Even though the Department of Energy is backing off

from energy efficiency standards for appliances, the FTC still wants retailers to pass out cost fact sheets. But it is okaying last year's sheets for such items as room air conditioners and dishwashers, where the figures for the new models are no more than 15 percent changed from the 1981 statistics....A federal judge has told the Consumer Product Safety Commission that it cannot release data on accidents or consumer complaints involving voluntarily recalled models until the agency goes through the formal procedures of announcing just how it will handle such requests for information....The latest state to follow up the FTC complaints about malfunctioning Fedders, Climatrol and Airtemp air conditioners and heat pumps with its own demand is N. Carolina. The state has struck a deal with Fedders under which consumers in that jurisdiction will get compensated for repairs to their units or replacements bought because of troubles with the Fedders equipment....An appellate court decision giving an Ohio consumer three times actual damages sustained from a faulty Gibson refrigerator has been overturned by the state Supreme Court because the treble damage law was enacted by the state legislature after the trouble developed with the refrigerator. ●

60TH STATISTICAL AND

5 YEAR TABLES

MARKETING REPORT

HOME & AUTO ELECTRONICS

PRODUCTS	1981		1980		1979		1978		1977	
	NUMBER SHIPPED (000)	RETAIL SALES (\$000)								

VIDEO

TV, B&W, Total	5,766	615,659	6,149	684,891	6,281	681,867	6,064	701,134	5,664	650,913
Portable & Table	5,752	612,300	6,132	680,763	6,258	675,864	6,030	693,450	5,617	640,338
Console & Combo	14	3,359	17	4,128	23	6,003	34	7,684	47	10,575
TV, Color, Total	11,262	5,664,969	10,855	5,283,773	9,793	4,617,829	10,236	4,992,654	9,107	4,438,234
Portable & Table	8,788	3,880,869	8,418	3,560,814	7,530	3,094,830	7,618	3,207,178	6,600	2,778,600
Console & Combo	2,474	1,784,100	2,437	1,722,959	2,263	1,522,999	2,618	1,785,476	2,507	1,659,634
TV, Projection	109	271,878	77	209,902	63	182,700	54	124,200	20	38,000
Videocassette Recorders	1,330	1,057,058	804	699,966	478	431,292	402	356,480	225	247,500
Video Cameras	186	186,309	115	120,056	73	62,048	61	30,898	—	—
TV Games	2,501	323,765	1,750	204,500	1,685	125,555	2,585	163,075	5,420	263,550

AUDIO/HIFI

Components, Total	14,299	1,640,549	14,700	1,772,249	14,562	1,704,735	13,190	1,497,230	12,045	1,323,775
Receivers	1,440	419,746	1,465	414,595	1,450	398,750	1,320	442,200	1,185	392,235
Amps, Pre-Amps, Tuners	551	173,058	533	160,966	554	155,120	370	111,740	320	96,640
Turntables (Excluding OEM)	2,304	321,754	2,336	310,688	2,433	316,290	2,200	281,600	2,015	251,875
Cartridges (Excluding OEM)	3,699	115,409	3,745	112,350	3,500	98,000	3,200	89,600	3,000	81,000
Speakers (Components Only)	3,197	453,814	3,735	623,578	3,850	600,600	3,500	476,000	3,125	415,625
Headphones	3,108	156,768	2,886	150,072	2,775	135,975	2,600	96,200	2,400	86,400
Compact Systems, Total†	3,578	692,764	3,945	883,705	4,341	939,028	4,474	962,979	4,508	914,896
Cassette Bimode	77	15,015	80	14,880	73	14,162	53	9,275	45	7,515
8-Track Player Bimode	248	25,594	310	39,990	383	54,769	603	102,510	631	104,115
8-Track Player Trimode***	572	74,646	637	110,838	777	140,637	1,038	221,094	1,081	222,685
8-Track Recorder Bimode	274	29,099	321	56,817	417	79,230	600	120,000	685	128,780
8-Track Recorder Trimode***	200	23,460	233	32,154	268	37,788	350	38,500	399	41,496
Cassette Trimode, Quadmode***	783	125,515	974	223,046	1,188	283,932	1,500	382,500	1,397	342,265
1,424	399,435	1,390	405,980	1,235	328,510	330	89,100	270	68,040	
Portable Tape, Total	17,393	763,612	15,084	817,734	13,665	693,435	13,313	690,191	12,314	591,111
Cassette	16,025	692,280	13,720	740,880	12,250	600,250	11,600	568,400	10,500	462,000
8-Track Players	824	37,080	913	45,650	1,100	67,100	1,513	101,371	1,637	109,679
8-Track Recorders	43	4,102	42	4,452	57	7,125	85	11,220	102	13,056
Microcassette Recorders	501	30,150	409	26,752	158	18,960	115	9,200	75	6,376
Tape Decks, Total	784	173,426	716	178,038	675	183,510	650	182,290	591	162,375
Cassette	634	129,596	545	117,265	495	113,850	440	103,840	385	88,165
8-Track	60	8,460	68	10,200	72	10,800	95	15,200	97	15,132
Open Reel	90	35,370	103	50,573	108	58,860	115	63,250	109	59,078
Console Stereo**	450	88,830	470	98,700	540	108,000	600	186,000	725	253,750
Radios, Total	27,881	863,475	27,012	867,693	28,550	918,750	32,478	1,056,190	41,800	1,168,000
Table	986	41,215	1,053	46,332	1,250	56,250	1,505	67,725	1,800	72,000
Portable	17,493	424,555	16,613	382,099	17,100	393,300	20,266	506,650	28,000	616,000
Clock	9,402	397,706	9,346	439,262	10,200	469,200	10,707	481,815	12,000	480,000

AUTO SOUND

Autosound, Total	19,251	1,606,404	18,362	1,486,839	18,630	1,518,225	17,855	1,283,680	8,644	824,062
UD 8-Track Player	708	34,982	871	47,034	1,300	78,000	1,600	78,400	1,900	87,400
UD 8-Track/Radio Combo	208	16,099	275	23,650	500	48,000	500	41,000	555	43,845
ID 8-Track/Radio Combo	1,722	152,914	1,950	214,500	2,500	342,500	2,600	296,400	2,590	292,670
UD Cassette Player	722	56,316	822	64,116	775	58,900	700	58,800	750	60,750
ID Cassette/Radio Combo	607	77,271	605	81,070	605	75,625	555	75,480	550	70,400
Radios Only (Retrofit)	2,899	485,409	2,486	400,246	2,200	343,200	1,700	255,000	1,233	183,717
Car Speakers (In Pairs)	1,082	120,492	1,188	137,808	1,250	135,000	1,000	83,000	1,066	85,280
Radios, Citizens Band, Total	11,303	662,921	10,165	518,415	9,500	437,000	9,200	395,600	—	—
Base Units	162	17,350	169	17,238	190	24,885	686	109,760	1,005	201,000
Mobile Units	1,360	108,528	1,243	94,468	1,400	105,325	4,050	283,500	6,177	370,620

BLANK TAPE

Blank Tape, Total	273,104	1,038,774	260,063	852,416	244,753	686,931	268,500	805,100	249,090	478,282
Audio	246,393	629,125	244,747	594,812	234,786	511,259	263,000	710,100	246,090	436,282
Cassette	228,147	542,990	218,689	487,676	203,986	399,509	220,000	564,000	200,000	324,000
Open Reel	8,018	70,077	8,864	74,812	9,200	72,558	11,000	69,100	12,250	41,895
8-Track	10,228	16,058	17,194	32,324	21,600	39,192	32,000	77,000	33,840	70,387
Video	26,711	409,649	15,316	257,604	9,967	175,672	5,500	95,000	3,000	42,000

**Included combinations in 1977-1978; combinations now included only under TV

***Includes Changer

†All units include stereo radio

HOME & AUTO ELECTRONICS

PRODUCTS	1981		1980		1979		1978		1977	
	NUMBER SHIPPED (000)	RETAIL SALES (\$000)								
PERSONAL ELECTRONICS										
Calculators, Total	28,260	831,840	26,502	841,280	25,380	843,063	23,341	914,589	22,089	876,767
Hand-Held, Total	23,905	409,481	22,288	419,514	21,317	425,333	20,111	494,739	18,808	425,872
Mini-Card	2,760	46,920	2,754	57,834	2,598	57,156	2,050	61,500	—	—
Printer	824	44,496	659	47,448	573	47,559	475	41,800	—	—
Programmable	106	14,840	88	13,640	82	13,530	75	13,875	69	13,614
Other	20,215	303,225	18,787	330,592	18,064	307,088	17,511	377,564	—	—
Desk-Top, Total	4,355	422,359	4,214	421,766	4,063	417,730	3,230	419,850	3,281	450,895
Display Only	915	55,815	927	54,693	946	56,760	930	60,450	886	.62,020
Printer Only	1,123	95,455	1,095	95,265	1,106	99,540	1,400	197,400	2,000	300,000
Printer/Display	2,317	271,089	2,192	271,808	2,011	261,430	900	162,000	395	88,875
Digital Watches	23,595	625,268	21,163	623,030	19,717	648,654	17,750	642,500	15,600	686,400
Telephones*	2,733	204,995	2,402	170,964	2,100	132,196	1,418	67,220	—	—
Telephone Answering Devices	697	111,520	579	92,640	495	80,685	400	84,000	300	60,000
Non-Video Electronic Games	16,539	—	19,702	—	16,083	—	5,656	—	—	—
Personal Computers	597	—	371	—	246	—	212	—	180	—
Radar Detectors	518	87,542	549	86,193	610	82,350	850	—	550	—

*Does not include cordless models.

Video shows consistent gains; cassette products pace audio; computers lead personal gear

Video held center stage in electronics products last year, turning in a solid round of shipments that registered in the plus column.

While a few older products slipped slightly, the general mood in video was boom, boom and more boom as consumers continued to shift more of their disposable income into this newly discovered arena.

If any category suffered directly from the competition, it was audio. Shipments were sluggish at best for many products. Only a small spot of relief showed up in the form of some kinds of automobile sound equipment and the cassette recorder segment.

In fact, sales of personal portable stereos proved so explosive in '81, they were impossible to track.

In personal electronics, home computers, phones and videogames were the glamour items last year. But a number of other products racked up steady gains as well.

All in all, the category holds a lot of promise for the future as today's rumblings portend greater things to come.

Video moves outdoors

The rapidly growing video market is moving outside the home at a swift rate as the portable videocassette recorder business expands in leaps and bounds.

As more consumers begin to take their video equipment on the road to use on vacations, to tape Little League games or make home movies, sales of portable VCR's, color video cameras and blank videotape are doubling.

Because portable sales in general are more profitable for the retailer—much-needed accessories make good add-on's that can hike the final bill—more retailers are expanding their portable lines. In addition, the introduction of "convertible VCR's," units that can be used as both home and portable decks, are making their way into most video manufacturers' lines.

Video packages, consisting of a portable VCR and a color camera, are being touted by a large number of retailers across the country, with the average ticket prices in the \$1,500 range.

Even though the prerecorded videotape business is more active than ever, with more variety finally available, blank tape sales are at their highest level. This trend still supports the argu-

ment that a majority of VCR owners use the unit mainly for time-shift purposes.

Although it is still considered a high-ticket, upper-class commodity, projection television is growing strongly. Now that all the major manufacturers are involved, many consumers feel more comfortable buying an expensive item from a company that they are familiar with.

Admittedly, the price of this product may never drop below the \$2,500 to \$3,000 range, but manufacturers and retailers alike hold fast to the belief the product will thrive.

Retailers have been highlighting projection TV's in both advertisements and by placing them in prominent home-like atmosphere's in the store. Unique merchandising of the product has made it a successful high-ticket item for many.

Despite the recession and the current credit crunch, it is obvious that video is one product area that will continue to survive. This stay-at-home type of merchandise appears to be much in demand.

The audio end of the industry should look so good.

Bright lights last year included cassette tape equipment of all kinds. Portable units, both with radios and without, sold well.

Component cassette decks also showed steady growth as consumers, who already own component systems, seek to upgrade them by purchasing add-on products. Equalizers also benefited from this trend.

In-dash automobile cassette/radio combos also sold well as did car speakers. And microcassette recorders showed an increase as did certain kinds of portable radios.

That, however, was about it for audio. The rest of the products managed to do little more than hold their own. Many saw shipments decline.

The video boom, it seems, has siphoned off a good deal of the disposable income consumers might consider spending for audio equipment. And while manufacturers and retailers alike continue to look for the imminent "marriage" of the two industries to give sales a shot in the arm, that day has not yet arrived.

In the meantime, despite all the publicity, matched, racked component systems apparently did little to expand the audio market in 1981. And portable tape products, while doing well,

cannot make up the dollar volume eroded from components and compact systems.

Computers take off

In the personal electronics category, the strong potential of personal computers has already begun to translate into plus sales for a wide variety of retailers. While strongest growth has been for business-oriented uses, increased promotion has given a boost to lower-cost home systems. Every month, more home electronics retailers take on the category.

Another product with ever-brightening prospects is the telephone. The proposed splitting up of the Bell system recently helped to point up the attractive possibilities of ownership.

In particular, the cordless phone has shown strong growth in sales. Improved second-generation models now appearing will prove even more popular than some of the less-sophisticated products available in 1981.

Last year, sales plummeted in low-priced handheld sports games. Once retailers' shelves were finally bare, many refused to restock these items. Most of the electronic game action now centers around arcade replicas. Play-and-learn and strategy games also continue to advance.

The handheld printer has emerged a big winner for many calculator retailers. As the market has become more competitive, manufacturers' prices have dropped slightly again for '82. Low-end wallet-size calc prices have also fallen a bit. Sales of solar models have begun to grow strongly.

Although unit sales of digital watches increased 11.5 percent last year, dollar sales have leveled off. This can be partly attributed to a slowdown in the over-\$40 category. Fast sellers include thin models and those with calculators, chronographs, alarms and games.

—Pamela Golden
senior associate editor

—Lee Rath
editor

—William Silverman
senior associate editor

60TH STATISTICAL AND

ELECTRONICS HIGHLIGHTS

MARKETING REPORT

VIDEO

COLOR TV SHIPMENTS BY SCREEN SIZE

Screen Size	1981 Units (000)	1980 Units (000)	Percent of Change 1981/1980
9 in.	472	426	+ 10.8%
12 & 13 in.	1,790	1,641	+ 9.1
14 & 15 in.	296	308	- 3.9
16 & 17 in.	370	382	- 3.1
18 & 19 in.	5,538	5,320	+ 4.1
21 in.	176	195	- 9.7
23 in.	253	275	- 8.0
Console & Combo Table	215	233	- 7.7
25 in.	38	42	- 9.5
Console & Combo Table	2,367	2,308	+ 2.6
Total	2,264	2,204	+ 2.7
Total	103	104	- 1.0
Total	11,262	10,855	+ 3.8%

B&W TV SHIPMENTS BY SCREEN SIZE

Screen Size	1981 Units (000)	1980 Units (000)	Percent of Change 1981/1980
Mini Combination Units	483	396	+ 22.0%
9 in. & Under (Excluding mini- combination units)	756	738	+ 2.4
12 in.	3,921	4,219	- 7.1
13 & 15 in.	106	143	- 25.9
16 & 17 in.	90	125	- 28.0
18 & 19 in.	396	507	- 21.9
22 in.	14	21	- 33.3
Console & Combo Table	11	17	- 35.3
Total	3	4	- 25.0
Total	5,766	6,149	- 6.2%

COLOR TV SHIPMENTS

	1981 Units (000)	1980 Units (000)	Percent of Change 1981/1980
With Remote Control	3,484	2,787	+ 25.0%
Without Remote Control	7,778	8,068	- 3.6
Total	11,262	10,855	+ 3.8%

BLACK & WHITE TV SHIPMENTS

	1981 Units (000)	1980 Units (000)	Percent of Change 1981/1980
Battery-powered	1,612	1,562	+ 3.2%
Non-battery-powered	4,154	4,587	- 9.4
Total	5,766	6,149	- 6.2%

VIDEO CAMERA SHIPMENTS BY TYPE

	1981 Units (000)	1980 Retail Sales (\$000)	1981 Units (000)	1980 Retail Sales (\$000)
B&W	11	\$ 2,797	16	\$ 5,216
Color	175	183,512	99	114,840
Total	186	\$186,309	115	\$120,056

PRERECORDED VIDEOTAPE BY FORMAT

	1981 Units (000)	1980 Retail Sales (\$000)	1981 Units (000)	1980 Retail Sales (\$000)
Beta	1,643	\$111,724	1,123	\$ 69,626
VHS	3,529	268,204	2,028	139,932
Total	5,172	\$379,928	3,151	\$209,558

VIDEOTASSE RECORDER SHIPMENTS BY FORMAT

	1981 Units (000)	1980 Retail Sales (\$000)	1981 Units (000)	1980 Retail Sales (\$000)
Beta	336	\$ 257,594	225	\$191,025
VHS	994	799,464	579	508,941
Total	1,330	\$1,057,058	804	\$699,966

PRERECORDED VIDEOTAPE

Type	1981 Units (000)	1980 Units (000)	Percent of Change 1981/1980
General Interest	3,469	1,985	+ 74.8%
X-rated	1,703	1,166	+ 46.1
Total	5,172	3,151	+ 64.1%

VIDEOTASSE RECORDER SHIPMENTS BY TYPE

	1981 Units (000)	1980 Units (000)	Percent of Change 1981/1980
Portable VCR	289	122	+ 136.9%
Deck VCR	1,041	682	+ 52.6
Total	1,330	804	+ 65.4%

BLANK VIDEOTAPE SHIPMENTS BY FORMAT

	1981 Units (000)	1980 Retail Sales (\$000)	1981 Units (000)	1980 Retail Sales (\$000)
Beta	9,361	\$128,058	6,028	\$ 90,420
VHS	17,350	281,591	9,288	167,184
Total	26,711	\$409,649	15,316	\$257,604

TV GAME SHIPMENTS BY TYPE

Type	1981 Units (000)	1980 Retail Sales (\$000)	1981 Units (000)	1980 Retail Sales (\$000)
Non-Programmable	442	\$ 11,147	450	\$ 10,800
Programmable	2,059	312,618	1,300	193,700
Total	2,501	\$323,765	1,750	\$204,500

60TH STATISTICAL AND

ELECTRONICS HIGHLIGHTS

MARKETING REPORT

NON-VIDEO ELECTRONIC GAME SHIPMENTS

	1981 Units (000)	1980 Units (000)	Percent of Change 1981/1980
Board Hand-Held.	3,739	3,702	+ 1.0%
	12,800	16,000	- 20.0
Total	16,539	19,702	- 16.1%

PERSONAL ELECTRONICS

DIGITAL WATCH SHIPMENTS BY TYPE

	1981 Units (000)	1980 Units (000)	Percent of Change 1981/1980
Men's	17,163	15,043	+ 14.1%
Ladies'	6,432	6,120	+ 5.1
Total	23,595	21,163	+ 11.5%

CORDLESS TELEPHONE SHIPMENTS

	1981 Units (000)	1980 Units (000)	Percent of Change 1981/1980
	422	241	+ 75.1%

TELEPHONE SHIPMENTS

	1981 Units (000)	1980 Retail Sales (\$000)	1981 Units (000)	1980 Retail Sales (\$000)
Standard	1,090	\$ 33,790	1,044	\$ 32,364
Decorator	1,284	115,560	1,106	99,540
Advanced Electronic	359	55,645	252	39,060
Total	2,733	\$204,995	2,402	\$170,964

AUDIO

CASSETTE QUADMODE

	1981 Units (000)	1980 Retail Sales (\$000)	1981 Units (000)	1980 Retail Sales (\$000)
	248	\$70,978	330	\$124,020

BLANK CASSETTE SHIPMENTS BY TYPE

	1981 Units (000)	1980 Units (000)	Percent of Change 1981/1980
Metal Particle Tape	926	481	+ 92.5%
Chromium Dioxide	7,859	6,734	+ 16.7
Ferrite Chrome	5,468	5,144	+ 6.3
*Premium Ferrite	116,640	103,957	+ 12.2
Promotional Ferrite	97,254	102,373	- 5.0
Total	228,147	218,689	+ 4.3%

*High coercivity ferrite, cobalt ferrite, etc.

CASSETTE TAPE DECKS WITH METAL PARTICLE TAPE CAPABILITY

	1981 Units (000)	1980 Retail Sales (\$000)	1981 Units (000)	1980 Retail Sales (\$000)
	80	\$14,728	71	\$18,673

HIFI SEPARATES

	1981 Units (000)	1980 Units (000)	Percent of Change 1981/1980
Amps	301	291	+ 3.4%
Pre-Amp	57	58	- 1.7
Tuners	193	184	+ 4.9
Equalizers	155	134	+ 15.7
Total	706	667	+ 5.8%

HOME RADIO SHIPMENTS BY POWER SOURCE

	1981 Units (000)	1980 Units (000)	Percent of Change 1981/1980
Plug-In	10,542	10,589	- 0.4%
Battery-Operated	9,282	8,103	+ 14.6
AC/DC Combo	8,057	8,320	- 3.2
Total	27,881	27,012	+ 3.2%

CASSETTE/RADIO COMBO SHIPMENTS

	1981 Units (000)	1980 Retail Sales (\$000)	1981 Units (000)	1980 Retail Sales (\$000)
	6,302	\$478,592	4,878	\$370,728

CITIZENS BAND RADIO SHIPMENTS BY TYPE

	1981 Units (000)	1980 Units (000)	Percent of Change 1981/1980
Base Station Without Single Sideband	96	101	- 5.0%
Base Station With Single Sideband	66	68	- 2.9
Total Base Station	162	169	- 4.1%
Mobile Units Without Single Sideband	1,140	1,034	+ 10.3%
Mobile Units With Single Sideband	220	209	+ 5.3
Total Mobile Units	1,360	1,243	+ 9.4%
Total CB's	1,522	1,412	+ 7.8%

CLOCK RADIO SHIPMENTS BY TYPE

	1981 Units (000)	1980 Units (000)	Percent of Change 1981/1980
Analog	1,700	1,875	- 9.3%
Digital	7,702	7,471	+ 3.1
Electronic Display	5,736	5,117	+ 12.1%
Mechanical Leaf	1,966	2,354	- 16.5
Total	9,402	9,346	+ 0.6%

SPECIALTY RADIO SHIPMENTS BY TYPE

	1981 Units (000)	1980 Units (000)	Percent of Change 1981/1980
Multi-band	7,022	6,768	+ 3.8%
Weather-band	1,038	1,007	+ 3.1
Scanners	920	837	+ 9.9

HOME-RADIO SHIPMENTS BY TYPE

	1981 Units (000)	1980 Units (000)	Percent of Change 1981/1980
AM only	4,028	4,425	- 9.0%
FM & AM/FM	23,853	22,587	+ 5.6
Total	27,881	27,012	+ 3.2%

Merchandising

PERSONAL ELECTRONICS

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VIDEOGAME MARKETING entered a new phase at Toy Fair. New hardware and software manufacturers have entered the field, while suppliers' distribution channels have also been broadening.

Toy Fair sees proliferation of videogames and software

By William Silverman, sr. assoc. ed.

NEW YORK—Red Alert! The videogame galaxy has been invaded! Full-scale war appears imminent... retailers should prepare new merchandising strategies.

Here are the latest developments, straight from the Toy Fair front:

The Atari "Supergame" will wholesale for \$240, consumer electronics president Michael Moone disclosed. He expects the retail price to drop as low as \$279. (For further details on this new hardware and its VCS-incompatible software, see Merchandising, Feb., page 33, and Jan., page 78.)

Meanwhile, Atari is prepared to take legal action to block Coleco's marketing of Phoenix, Vanguard or Challenger cartridges Atari says it has licensed from Centuri.

In the Coleco camp, these potential introductions represented only a part of a master strategy to conquer part of the videogame galaxy. The battle plan begins with infiltration of the Atari and Mattel quadrants with software compatible with first Atari and then Mattel hardware. (See page 65.)

By next summer, Coleco also plans to launch Colecovision at a "slightly higher" price than the VCS. The initial 24 cartridges will stress arcade action, vice president Mike Katz said.

The hardware also features a new weapon to be used in the coming battle—a module, \$60 retail, that allows the Coleco machine to accept Atari software.

Zeroing in on Atari forces from another quadrant was Mattel Electronics, which also plans to manufacture cartridges to be played on the Atari system.

The overall marketing and distribution effort will be completely separate from that behind Intellivision, said president Joshua Denham. Marketing efforts will be greatly increased to support Intellivoice and new cartridges this year, he continued.

Other companies also have readied their troops. Parker Bros. will extensively advertise Star Wars and Frogger cartridges for the Atari system. Introduction is planned for summer, with additional Star Wars and other games—also Mattel compatible—planned for 1983 and beyond.

A space game pioneer, Astrovision (formerly Bally), plans to back its game with a strengthened advertising budget. The battle plan features a commercial with a tiny man exploring three forthcoming videogames—Coloring Book with Light Pen, The Wizard and Munchie.

Additional armadas have also been hovering since CES. A strong fleet, N.A.P.'s Odyssey², has doubled the memory of its new chips and also plans stronger promotional backup. Activision also has expanded its advertising.

New units (See Feb., page 37) also include the Commodore Ultimax, a \$149 game with membrane keyboard and music capability, a Tryom game at around \$120, and software from Imagic and U.S. Games Corp.

Problems and opportunities

All this activity poses both problems and opportunities for retailers here on earth, according to sources at the Toy Fair demilitarized zone. Some pointed out that recently introduced products could be just the "tip of the iceberg."

"Sku's will be a problem," said Dan Kolp, merchandising manager for the J.A. Conley Co. retail division, N. Canton, OH. "We'll have to decide who's number one, two and three, and from then on forget about it."

The new developments "open up sku inventory fantastically," commented the president of a major California department store. He questioned the feasibility of carrying "every manufacturer and everyone who manufacturers for them."

In the record business, inventory is less of a problem, said Richard Vincent, Record Town, Albany, regional director of sales. "We have 26,000 record titles. And we also have more traffic than electronics stores, so we don't have to drop the price."

Retailers have learned a lot from handheld games and will be more selective, said Michelle Stacy, Parker Brothers product manager, new ventures. "But this is an area that is just booming and a lot of product will sell through fine."

The Coleco system has "points of difference in cartridges, graphics and resolution," said Katz. "We're known by the trade and the consumer. Advertising, promotion, and strong service makes us different from the small guy."

Similarly, Astrovision president Ray George pointed out that "this business is not like watches and calculators. It takes time and money."

The consumer awareness level will be expanded as the result of the new developments, said Moone of Atari. "There will be a real dogfight for number two and number three."

"I do not think our leadership position will be eroded, but we will not rest on our laurels," he commented.

NEWSLINES

PERSONAL ELECTRONICS

123QS



Trucker Linson aids ad campaign



Brother lights up Broadway



McDonald serves EIA/CEG

KING OF PRUSSIA, PA—A major ad campaign for the under-\$300 Commodore VIC-20 personal computer breaks this month. Network television commercials will be aired for several months and will be backed with ads in hobby and general interest consumer magazines, as well as newspaper co-op. The computer's image will be enhanced by having Star Trek captain William Shatner as the spokesperson, product manager Mike Tomczyk said. In other news, Commodore has appointed marketing representatives for its personal computers. At press time, 12 of 20 territories had been assigned. These firms include: Boston — Market Reps, 50 Providence Highway, E. Walpole, MA 02032; Metropolitan New York — Roth Paris Marketing, 2 Hudson St., Marlboro, NJ 07746; Philadelphia, South Jersey — Lienau Associates, 4334 Montgomery Ave., Bethesda, MD 20814; and Washington, DC, Maryland, Delaware and Virginia — Lienau Associates, 334 Montgomery Ave., Bethesda, MD 20814. Additional marketing representatives include: Florida — Omni Associates, 1631 S. 21st Ave., Hollywood, FL 33020; Texas, Oklahoma, Arkansas and Louisiana — Afo Electric Sales, 706 Easy St., Garland TX 75042; Michigan — Quick Access Systems, 27600 Farmington Rd., Suite 103, Farmington Hills, MI 48018; and Ohio, West Virginia and Western Pennsylvania — Astro Sales Co., 672 Alpha Dr., Cleveland, OH 44143. The remaining representatives named were: Arizona and New Mexico — Southwest Marketing, 2206 N. 23d Ave., Phoenix, AZ 85009; Southern California and Las Vegas — Denmark Industries, 20520 Nordhoff St., Chatsworth, CA 91311; Northern California, Hawaii, and Reno, NV — S. Cunningham & Associates, 2450 Peralta Blvd., Suite 206, Fremont, CA 94536; and Oregon, Washington and Alaska — Drummond & Associates, 13901 S.E. 139th, Renton, WA 98055.

WESTFORD, MA—National cable co-op commercials reflect a new direction for Whistler radar detectors, said Controlonics Corp. The 30- and 60-second spots, filmed at a Connecticut truck stop, are available from the company's distributors. Both 30- and 60-second radio spots are also available from distributors. Other scheduled programs for the new Z-70 speed radar detector include print co-op ads and four-color counter cards with dummy product.

HARTFORD, CT—At least five million new videogame systems will be sold this year, along with about 40 million cartridges, Coleco vice president Mike Katz predicted to *Merchandising* recently. At Toy Fair, Coleco introduced its first seven cartridges for both the Atari and Mattel systems. Available in July, the cartridges stress arcade-type games. Planned for later this year, a Coleco videogame system will retail for about \$200. Self-contained games with arcade themes will also grow in sales, Katz predicted. Now retailing for \$60 to \$70 are Coleco Pac-Man and Galaxian replicas. Scheduled for later introduction are Omega Race, Donkey Kong, Berzerk and Frogger.

HUNTINGTON BEACH, CA—Uniden's Extend-A-Phone division plans a multi-million dollar campaign featuring golf superstar Jack Nicklaus, who has signed a multi-year contract. Television will be the prime medium, supplemented with consumer and print media. "We are on the threshold of a cordless telephone 'boom,' with twice as many units expected to be sold in 1982 as in 1981," said Roy Mulhall, vice president-general manager of the Extend-A-Phone division. In addition to the national campaign, Dentsu Corp. of America, a division of Dentsu Inc., the world's largest advertising agency in terms of billings, will coordinate all co-op programs.

NEW YORK—A huge Brother Electronic Office Typewriter display now lights up Broadway. Mounted on the 41-ft. by 58-ft. display is an exact 3-D scale model of an office typewriter, whose keys sequentially illuminate and spell out the Brother name. The display also features the official emblem of the 1984 Olympics, since Brother has been selected as the official typewriter for the 1984 games.

COLUMBUS, OH—To meet the demand for \$75 million in distributors' orders already committed for 1982, Astrovision plans to triple its domestic production capability, said co-founder Ray George. It has added a second production facility in Sacramento, CA and plans another plant in Pennsylvania. Production will also be expanded under contracts with five major U.S. electronic manufacturing companies. Moreover, Astrovision will open production facilities in West Germany and Taiwan this month. The combined facilities, to be fully operational by the third quarter of 1982, will be able to annually produce a minimum of 500,000 Astro Arcades, 5 million cartridges, 50,000 Zgrass-32 add-ons, and other products. "We expect to hit \$100 million in sales in 1982 and top \$1 billion by 1985," George said.

CHICAGO—A Texas Instruments Learning Center in the *Merchandising Mart* has been opened to help end users with in-depth product information and training. It offers seminars, lectures, workshops, demonstrations and videotape courses on TI electronic products and their applications. To meet the needs of as many people as possible, activities will also take place in schools, corporations, and other facilities in the area. Some educational services will be free, while others will carry a nominal tuition. The Learning Center will also provide training for TI dealers. At this time, no other locations are planned.

WASHINGTON, DC—John McDonald, president of Casio, has been elected chairman of the Personal Electronics Division of the Electronic Industries Association's Consumer Electronics Group. The new division will serve manufacturers of personal computers, calculators and electronic games. At that same meeting, the CEG board formed a new executive committee under chairman Ray Gates. The group can act in fast response situations and on important matters that must be handled between regular meetings of the full board. In addition, a 10-member strategic planning committee is now headed by John Hall, vice president of Pioneer North America. It makes recommendations to the board on all CEG long-range activities.

KNOXVILLE, TN—The "K.C. Munchkin" videogame cartridge has gobbled up every *Odyssey 2* sales record. "In fact," said Gerald Michaelson, vice president, sales and marketing, "the K.C. Munchkin two month sales total exceeds the total annual sales for any other cartridge in our catalog."

PERSONAL ELECTRONICS/PRODUCT PICTURE

Webcor cordless phone has 100-ft. range

PLAINVIEW, NY—A cordless telephone from Webcor Electronics can make and receive calls up to 100 ft.



Webcor Zip 777

away from the base unit.

Model Zip 777, without an antenna, features pulse dialing, allowing push-button use on rotary lines; mute button; last number memory redial, and two LED indicators—one as a battery-recharge reminder and one on the base to show when the line is in use.

The unit recharges when the handset is returned to the base unit. To hang up, the handset can be returned to the base or placed on a flat surface. The suggested retail price is \$139.95.

Webcor Electronics, Inc., 28 South Terminal Dr., M, Plainview, NY 11803.



Talkman two-way radio

Talkman radio transmits up to one-quarter mile

LOS ANGELES—Talkman, a miniature, hands-free two-way radio, has been introduced by Standard Communications.

It measures 2½ in. wide by 4½ in. high by 3/4 in. deep, and weighs less than one lb. It is available in any one of five channels and will transmit up to one-quarter mile. Talkman is powered by a nine volt battery.

The headset features a stowable whip antenna and an adjustable boom-mounted, miniature voice-activated microphone. The list is \$139.95.

Standard Communications P.O. Box 92151, M, Los Angeles, CA 90009.



Radar Intercept

Unit detects radar from front and rear

NEW YORK—Radar Intercept is a superheterodyne radar detector with simultaneous front and rear detection capabilities, Leisure Time Development said.

The solid-state unit mounts onto the automobile's visor and is activated by lowering it into position. Mounted onto a swivel bracket, the product will not interfere with the driver's vision.

When weak signals from distant radar units are encountered, a non-rhythmic interrupted beeping is sounded. When encountering radar signals of sufficient strength, a steady alarm signal of two beeps per second is sounded.

Leisure Time Development Corp., 1931 Mott Ave., Far Rockaway, NY 11691.



Shopper's calculator

Shopper's calculator eases price comparisons

MIAMI—The Shopper's Calculator simplifies price comparisons.

For example: three cans of brand "A" are 89 cents, and four cans of brand "B" are \$1.09. The calculator, from Tricom U.S.A., determines which is the best buy.

Tricom U.S.A., 297 N.W. 23rd St., M, Miami, FL 33127.

Hewlett-Packard interface bus offers mass memory and printing capability

PALO ALTO, CA—Hewlett-Packard's top-of-the-line HP-41 hand-held computer now can control instruments and peripherals.

An interface, called HP-IL, enables HP41C and HP-41CV hand-held computers to control and read data from a new HP digital multimeter, and to interact with a new digital tape cassette drive and with a new thermal printer/plotter.

The multimeter is fully programmable and has a 12-character alphanumeric display. The cassette drive uses digitally certified magnetic tape and increases the system's memory by more than 50 times, to 131,000 bytes. The printer/plotter features bar-code printing and enhanced graphics.

Hewlett-Packard Co., 1820 Embarcadero Rd., M, Palo Alto, CA 94303.

Mura phone features voice synthesizer

WESTBURY, NY—A microprocessor-based emergency telephone with a voice synthesizer highlighted Mura's recent introductions.

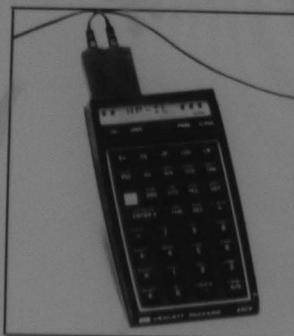
The Sage is designed to aid the handicapped or elderly. Its voice synthesizer is activated by a small, battery-operated transmitter. Pressing the remote-control emergency button transmits a coded radio signal to the phone, which then automatically

Four plug-in extension modules give HP-41 hand-held computers 47 additional functions, up to a three-fold increase in memory and time-based programming control. They complement the HP-IL.

The modules include an extended function/memory module, an extended memory module, a time module and extended I/O module.

Prices for the new products are: HP82938A HP-IL interface card, \$295; HP 83160 HP-IL module, \$125; HP 3468A multimeter, \$695; HP 82161 digital cassette drive, \$550; digitally certified cassettes, \$9.50 each; HP 82162 thermal printer/plotter, \$495.

Hewlett-Packard Co., 1820 Embarcadero Rd., M, Palo Alto, CA 94303.



HP interface loop

Analog display sported by Advance LCD watch

REDFORD, MI—Advance Watch Co. has introduced a quartz analog watch with no moving parts.

Hour, minute and sweep second hands are composed of LCD segments. Features include alarm, chronograph, dual time, day-date, sweep second hand and backlight.

Advance Watch Co., 12360 Beech Daly Rd., M, Redford, MI 48239.



Advance watch

Novus introduces plastic LCD watch

PLAINVIEW, NY—Men's plastic LCD watch, model DNPBS35, from Novus features four-digit display showing hours, minutes, seconds, month and day of the week.

Other features include instant seconds reset and backlight. Strap and case are molded for protection against the elements. The suggested retail price is \$14.95.

Novus Electronics Corp., 28 S. Terminal Dr., M, Plainview, NY 11803.



Novus watch DNPBS35

ly dials four different numbers that have been programmed into its memory. The message—"Emergency, help needed at..."—is then relayed to the designated parties.

A battery test light on the transmitter indicates whether batteries are good. If the emergency button is activated accidentally, the message can be terminated by picking up the receiver. The phone also functions as a full-service telephone featuring 31-number memory dialer and either tone or rotary dial compatibility. Suggested retail is under \$250.

Mura Corp., 177 Cantiague Rock Rd., M, Westbury, NY 11590.



Sage Muraphone

Vid-Tari dust cover fits Atari games

MT. CLEMENS, MI—Video Specialties has introduced the Vid-Tari dust cover for Atari video games.

The cover holds 10 game cartridges, instruction booklets and two sets of controllers. The unit is smoked gray in color.

The Vid-Tari's suggested retail price is \$14.95.

Video Specialties, 35045 Automation Drive, M, Mt. Clemens, MI 48043.



Video Specialties Vid-Tari

Talking videogame/computer is introduced by Astrovision

COLUMBUS, OH—Astrovision has introduced the Zgrass-32 personal computer add-on to the Astro Professional Arcade.

Zgrass-32 uses a Votrax chip, which is said to give it unlimited vocabulary. The power of the Zgrass language combined with the patented Astro Arcade chips enables users to create 256-color animation, sound effects, three-voice music and speech, Astrovision continued.

The Astro Arcade chips are identical to those used in the popular Bally coin-op games, such as Gorf and Wizard of Wor, it said.

Bush introduces \$59.95 videogame cart

LITTLE VALLEY, NY—Bush Industries has introduced a cart that stores the games, paddles and cartridges for Atari and Intellivision games.

Model G 900 stores more than 30 cartridges and holds the games' wires by wrapping them on rear-mounted hooks. Standing at a coffee-table height, the cart measures 21 in. high by 21½ in. wide by 12-3/4 deep.

Now available for delivery, the \$59.95 game cart has built-in casters and an arcadian hickory vinyl veneer.

Bush Industries, 312 Fair Oak St., M, Little Valley, NY 14755.

The Zgrass-32, which is Z-80 microprocessor based, includes a typewriter-style keyboard and 32K ROM.

It is expandable to run CP/M programs and has built-in interfaces to a light pen, graphics tablet, disc drives and joysticks. It also has two RS-232 ports for 50 to 19,200 baud communications.

To be shipped in April, the Zgrass add-on will have a suggested retail price of about \$600.

Astrovision, Inc., 6460 Busch Blvd., Suite 215, M, Columbus, OH 43229.



Bush model G 900

Odyssey2 debuts Keyboard Creations, The Great Wall Street Fortune Hunt

KNOXVILLE, TN—Two video games have been added to the Odyssey 2 system.

The Great Wall Street Fortune Hunt has a stock exchange ticker flowing across the top of the screen. Market-affecting news flashes come

in from around the world in the center portion of the screen. The investor's computerized portfolio is maintained at the bottom third of the screen. Suggested retail is \$49.95.

Keyboard Creations can work as a message center, bulletin board, character generator and digital clock with alarm. In another mode, it turns into an entertainment and learning source featuring more than a half-dozen word and number games. The suggested retail price is \$22.95.

Odyssey 2, N.A.P. Consumer Electronics Corp., Int. 40 & Straw Plains Pike, M, Knoxville, TN 37914.



Computer on wrist monitors heart rate

MARINA DEL REY, CA—Biometric Systems introduces the Genesis exercise computer.

The wrist-worn product monitors the pulse rate during exercise. Once it is programmed with upper and lower exercise limits, Genesis automatically times how long a person exercises in his training zone. The computer also times the recovery.



Coleco Pac-Man

Commodore adds high-, low-end computers

KING OF PRUSSIA, PA—Commodore will introduce a \$149.95 programmable videogame/computer in the spring. It will feature a flat membrane keyboard, programming in Basic, and will use cartridges and cassettes for games, programming and music synthesis.

The Ultimax will be compatible with joysticks, paddles and light pens, use the VIC Datasette tape recorder for program storage, and serve as a sound generator for polyphonic tones

and music synthesis.

Also to be introduced is the Commodore-64, which will have a suggested retail price of \$595. It is programmable with a CP/M option, and has 64K of memory.

The computer will have a full 66-key typewriter keyboard. Its audio capabilities will include sound generation, polyphonic tones, music synthesis, and hi-fi output.

In addition, Commodore has introduced seven new games for its VIC 20

computer. The new games, retailing at \$29.95, include Jupiter Lander, VIC Avenger, Superslot, Draw Poker, Super Alien, Midnight Drive and Magic Mouse.

Commodore also has released the Home Calculation program pack, a series of six prerecorded programs designed for use with its Datasette tape recorder.

Commodore Business Machines, Computer Systems Div., 681 Moore Rd., M, King of Prussia, PA 19406.

800 WAYS TO MAKE MONEY.

800-SCANNER

Bearcat® Scanner commercial messages are on all 3 national television networks plus network radio with Paul Harvey. We've sent thousands of customers to their nearest Bearcat Scanner dealer when they have called 800-SCANNER (800-722-5555 in Indiana) toll free to find out where to buy a Bearcat Scanner. If you haven't been getting new customers for Bearcat Scanners, maybe you're not on our list. Call and be sure. 800-SCANNER (800-722-5555 in Indiana).

BEARCAT SCANNERS

800-428-4315

National magazine ads and Paul Harvey network radio messages are running for Freedom Phone® Cordless Telephones. National magazines like Time and Newsweek. Thousands of callers who see or hear these ads and have called us toll free at 800-428-4315 (800-382-1076 in Indiana) have been directed to the nearest Freedom Phone Cordless Telephone dealer. Have you been seeing new Freedom Phone Cordless Telephone customers? If not, call us at 800-428-4315 (800-382-1076 in Indiana) and make sure you're getting your share of new customers.

FREEDOM PHONE CORDLESS TELEPHONES

Electra, Electra Company, Division of Masco Corp. of Indiana, 300 East County Line Road, Suite 102, 1808 S.W. 100th Street, North Kansas City, Missouri 64116. © 1982 Masco Corp. of Indiana.

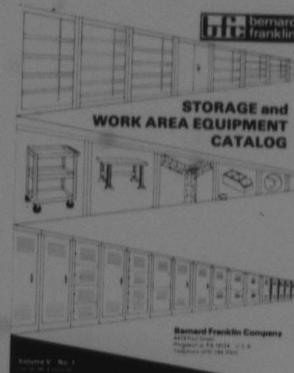
NEW LITERATURE

RCA Tools, Lubricants and Service Aids for Video Instruments



VIDEO SERVICING CATALOGS—Tools, gauges, jigs, test tapes and discs and other service aids for video products are featured in a 16-page illustrated catalog from RCA. A number of these tools can be used for servicing VCR's, cameras and video-disc players from other manufacturers as well.

In addition, RCA's 12-page catalog of video instrument accessories has been updated. It illustrates and cross references a variety of cables, remote controls, batteries, lenses, caps and hoods and other video accessories. *FROM: RCA Distributor and Special Products Division, Sales promotion services, M. Deptford, NJ 08096.*



STORAGE PROBLEM SOLVER—The 48-page "Storage and Equipment Work Area Catalog," (Volume 5 No. 1) shows ways to solve storage problems in the electrical/electronics market. Suggests types of storage equipment to use, with many illustrations of space-saving ideas.

Included are steel shelving, pallet racking, storage-retrieval and mezzanine systems, lockers, bulk storage racking, benching and shop equipment. *FROM: Bernard Franklin Co., 4424 Paul Street, M. Philadelphia, PA 19124.*



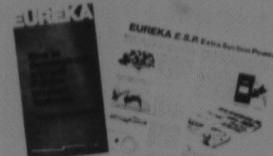
CONSUMER AUDIO PAMPHLET—Four-page brochure designed jointly by Jensen and Dishwasher

carries both company logos. Entitled "Good Sound By Design," the pamphlet resembles a blueprint to which three color snap shots are clipped. The front cover features a Jensen home speaker, a group of Dishwasher record care products and a Jensen component autosound system.

Accompanying copy on the inside invites consumers to "experience" these products. The brochure will be packaged with products manufactured by both vendors. *FROM: Dishwasher, 1407 N. Providence Rd., M. Columbia, MO 65201; and Jensen Sound Laboratories, 4136 United Parkway, M. Schiller Park, IL 60176.*



CLOCK CATALOG—The Howard Miller Clock Company's 1982 catalog of modern clocks groups product into collections referenced by a table of contents. Thirty-six color pages illustrate the full range of Miller Modern, from compact Executive and Flexitime digital quartz alarms listing at \$24.95, to a triple chime wall clock with a \$2,800 suggested retail. Text identifies the graphics, materials and movements of each clock. *FROM: Howard Miller Clock Co., M. Zeeland, MI 49464.*

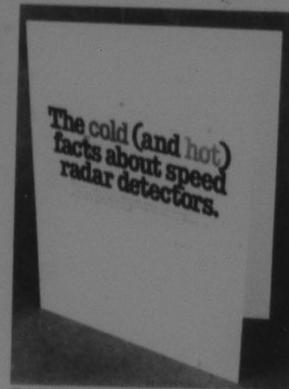


PRODUCT FEATURES BOOKLET—A 16-page booklet showing how to demonstrate Eureka vacuum cleaner product features is available free to dealers through the company's branch offices. Features including E.S.P. (extra suction power), the triple-filter bag system, self-propelled uprights, Rugulator, Dial-A-Nap, Vibra-Groomer II and the Roto-Matic Powerhead are covered. The brochure explains each feature, how it works, and how to demonstrate it. *FROM: The Eureka Company, M. Bloomington, IL 61701.*

GRILL COOKBOOK—With the consumer's purchase of a Coleman Smoker-Grill, he can receive the Patio Cookbook, a 36-page recipe booklet with tips for preparing dishes. Recipes for beef, pork, fish, seafood, fowl and game, plus a special section on marinades, sauces and extras, are listed. A copy of the booklet can be obtained by sending \$1 to cover postage and handling. *FROM: Coleman Patio Cookbook, Dept. 689, 250 N. St. Francis, M. Wichita, KS 67201.*



PERSONAL FAN BROCHURE—A descriptive four-color brochure from Gould Inc.'s Electric Motor Division highlights product features of the Cool-It personalized electric fan. The front of the brochure contains a photo of the small fan in its actual size. Bulletin 6605 is available to sales representatives and dealers for imprinting. *FROM: Gould Inc., Electric Motor Division, 1831 Chestnut Street, M. St. Louis, MO 63166.*



RADAR DETECTOR BROCHURE—A brochure from Controlonics illustrates laboratory test results on sensitivity (range) and selectivity (ability to pick up all, and only, radar signals). Graphic illustrations show the customer how a radar detector can help him on the road. Bright colored bar graphs highlight sensitivity levels on X-band and K-band frequencies. Additional graphs show how much of the police radar signal can be picked up under normal, cold and hot temperatures. *FROM: Controlonics Corp., Five Liberty Way, M. Westford, MA 01886.*



VIDEO REFERENCE GUIDES—Two separate comprehensive catalog lists Twentieth Century-Fox Video's prerecorded videocassette and videodisc titles. The four-color, illustrated brochures will be updated every January and June. The "Video-

cassette Entertainment Guide" is a 48-page catalog sectionized for reference, as follows: classics, drama, comedy, action-adventure, mystery-suspense, romance, science fiction-thriller, musical, western, how-to, family, cartoons, sports, documentaries and concerts. The guide also lists coming attractions. Each section shows a montage of some themes of the most popular titles in the category. A synopsis of every title, including a general outline of performers, year of release and rating, is provided.

The "Twentieth Century-Fox Video Disc Selector—A Guide To Video Entertainment" is a 20-page brochure in a similar format. All of the firm's 80 titles, including the 40 introduced last year and the 40 to be released in 1982, are listed. *FROM: Twentieth Century-Fox Video, P.O. Box 900, M. Beverly Hills, CA 90213.*



CEILING FAN CATALOG—A 16-page catalog from Nichols-Kusan describes the line of Old Jacksonville ceiling fans. Containing dozens of full-color photographs, the catalog shows the fans in a variety of finishes, blade styles and lighting kits. A cutaway diagram points out various product features, including the fans' vibration-absorbing motor mounts, natural wood blades, variable speed control and motor reverse switch. *FROM: Old Jacksonville Ceiling Fans, Nichols-Kusan, Inc., P.O. Box 1191, M. Jacksonville, TX 75766.*



COMPUTER BOOK CATALOG—The Winter Computer Book catalog is a reference guide to all current editions of books and software published by Sybex. The table of contents of each book, as well as book size, number of pages, illustrations and price, are included. This catalog lists the nine languages Sybex books are translated into, and has information on how to obtain foreign language editions. Direct mail and phone order information is provided. *FROM: Sybex, Inc., 2344 Sixth Street, M. Berkeley, CA 94710.*

A GRALLA PUBLICATION

Merchandising

APRIL 1982

THE NATIONAL MAGAZINE FOR ELECTRONICS ■ HOUSEWARES ■ MAJOR APPLIANCE RETAILERS

175 THE
MAGAZINE OF
MERCHANDISING

Also in this issue:

- Induction cooking to come on strong for '83**
- Bamberger's launches personal computer centers**
- Videodisc pornography could be in the works**
- Small appliance service centers pick up steam**

ANOTHER TECHNOLOGICAL ADVANCE FROM SHARP.

THE AMAZING POCKET COMPUTER. IN LIVING COLOR.

Sharp's new PC-1500 may look like a programmable calculator but it's really a computer, small enough to fit in your pocket. A computer with specifications that, not long ago, would have been exciting in a considerably larger personal computer.

The PC-1500 has 2.6K bytes of RAM, expandable by means of plug-in modules to either 6.6K or 10.6K.

It has 16K bytes of ROM, which provides a version of Extended BASIC that handles two-dimensional arrays, program chaining and other advanced features.

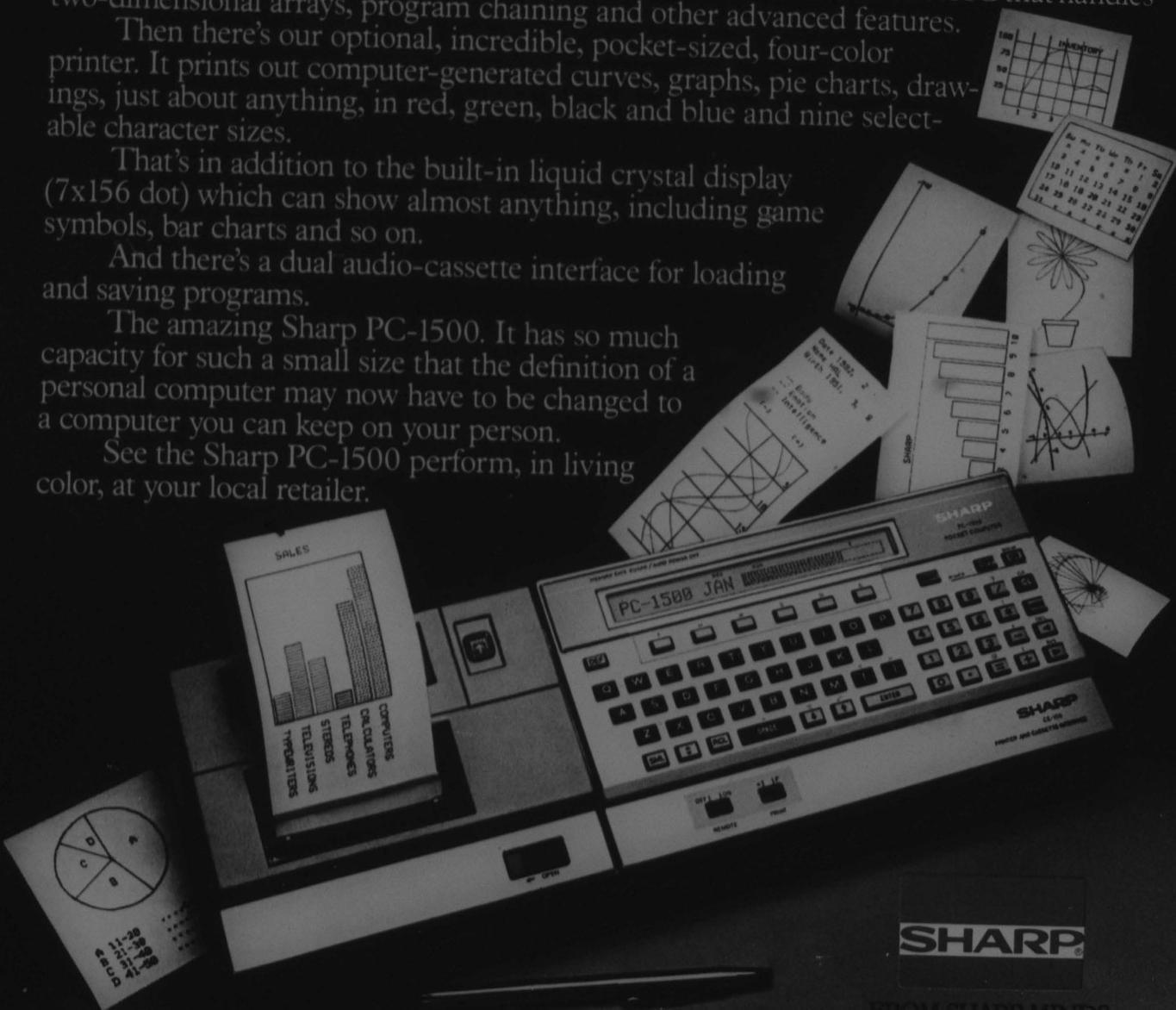
Then there's our optional, incredible, pocket-sized, four-color printer. It prints out computer-generated curves, graphs, pie charts, drawings, just about anything, in red, green, black and blue and nine selectable character sizes.

That's in addition to the built-in liquid crystal display (7x156 dot) which can show almost anything, including game symbols, bar charts and so on.

And there's a dual audio-cassette interface for loading and saving programs.

The amazing Sharp PC-1500. It has so much capacity for such a small size that the definition of a personal computer may now have to be changed to a computer you can keep on your person.

See the Sharp PC-1500 perform, in living color, at your local retailer.

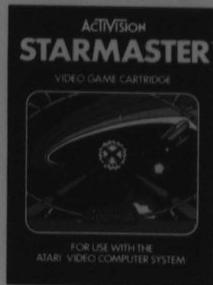
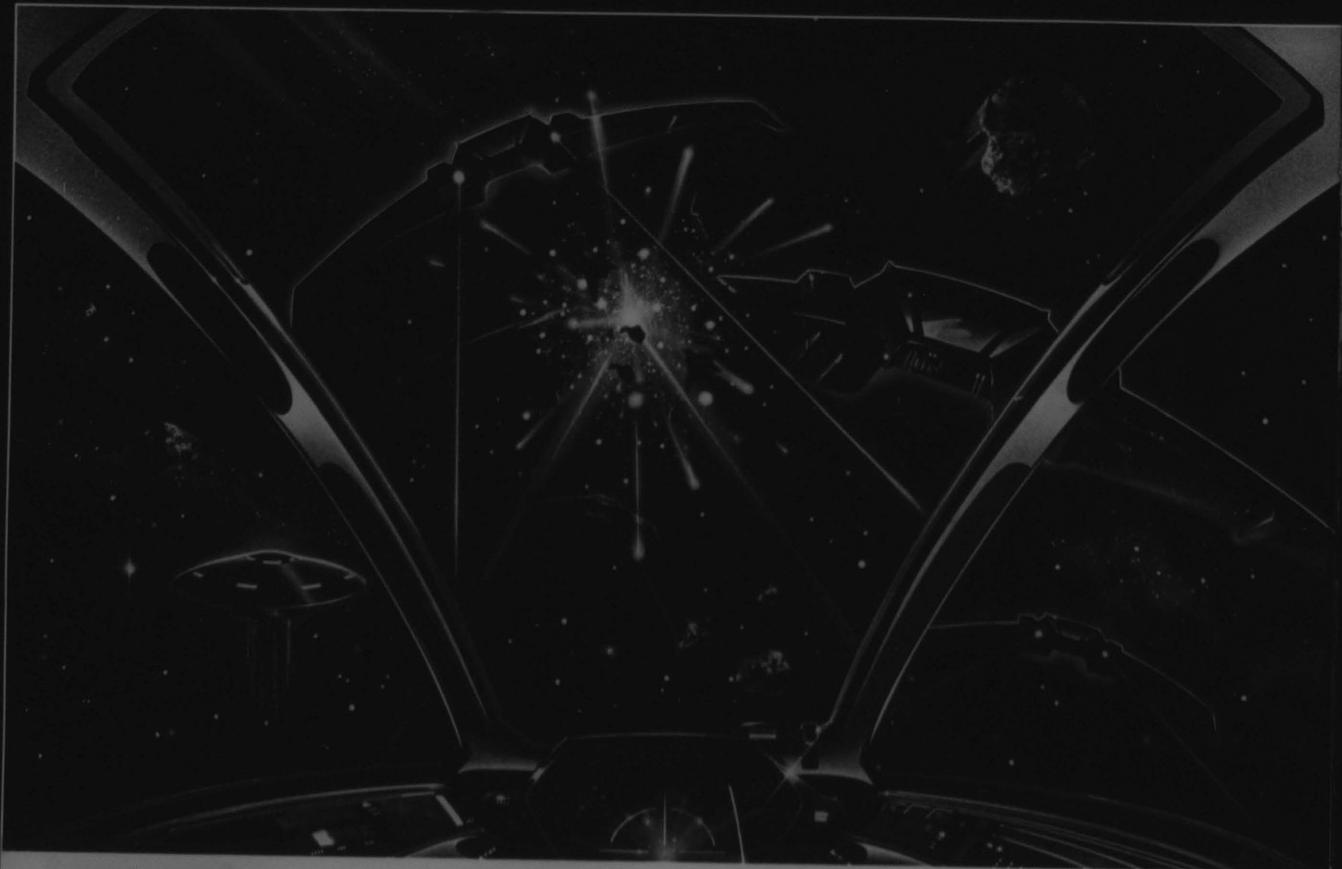


SHARP

FROM SHARP MINDS
COME SHARP PRODUCTS

**This Summer, more men
will join us than the Army, Air Force,
and Marine Corps combined.**





Voyage farther into the reaches of space than any human has ever ventured.

**Before you awaits the most extraordinary encounter ever created for the
Atari® Video Computer System.™**

Only the methodical drone of your ship's engines breaks the silence as you cruise through deep space. But, calling up your galactic radar reveals that all is not well. Enemy starfighters are laying siege to your starbases.

Instantly your onboard computers calculate the energy required to intercept. Firing up your warp engines, you streak through a dazzling yet dangerous shower of meteors and stars.

Your control panel glows red in alarm. Your sensors detect the enemy, and your laser sights flash an alert.

Suddenly, enemy starfighters appear out of the blackness,

greeting your arrival with fire from deadly particle cannons. Dodging their missiles, you struggle to center your target. Your lasers blaze away as the dogfight rages on.

But, wait. You're hit! Check damage control. It's bad news: Shields destroyed. Radar down. Engines damaged. Energy dwindling. You must return to your starbase for repairs. If you can. And if your starbase is still there!

Award-winning designer Alan Miller takes you on an incredible journey never thought possible. Experience the breathtaking new StarMaster™ by Activision.™

Also for use with the Sears Tele-Game® Video Arcade.*

Tele-Game® and Video Arcade® are trademarks of Sears, Roebuck and Co.

ENEMY BATTLE ACTION



DOCKING SEQUENCE



GALACTIC RADAR



COMPUTER READOUTS

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© 1982 A



Throw caution to the wind.

Dare to accept the most relentless challenge the Atari® Video Computer System™ has ever seen.

It's a beautiful setting. The sunset is deceptively peaceful as a truck convoy of medical supplies snakes across the desert floor.

You're hovering high overhead, smack in the seat of an incredible machine. A high-speed, fast-firing, amazingly mobile helicopter gunship. Your task: Fly air cover and see those supplies safely through.

Keeping a close eye on your long-range radar, you're anticipating trouble. Sure enough, here it comes! Waves of enemy jets and choppers are attacking from all sides.

Quickly, you spring into action. Whirling your chopper 180° you accelerate straight up. Your rapid fire lasers blanket the sky. Enemy pilots respond with brilliant evasive maneuvers and deadly multi-warhead missiles that send you scrambling.

One of your trucks isn't so lucky. It vanishes, a victim of enemy fire. But you better not slow down, for this battle's just begun!

Award-winning designer Bob Whitehead brings you the boldest video battle in history. Chopper Command™ by Activision®.

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ACTIVISION
WE PUT YOU IN THE GAME.®

75TH ANNIVERSARY/THE SEVENTIES

VCR's, cameras, discs help rejuvenate the video industry

By Rondi Stearns, editorial assistant

Electronics continued to hold center stage through the Seventies as new products, destined to become entire new industries or rejuvenate old ones, appeared each year.

The video revolution, still going on today, took off in the Seventies as the VCR was perfected and price levels reached a point that many consumers considered affordable. TV's themselves became more sophisticated, and videogames debuted.

In personal electronics, calculators came on strong during the decade. So did digital watches. Telephones became more important as a consumer item and personal computers appeared on the scene for the first time.

CB's experienced a period of rapid growth at mid-decade, as did car stereo systems. The cassette began to win the battle of the tape format, easing the eight-track out of the picture.

Four-channel sound had its day in the sun, console stereo began to fade and components stepped in to pick up the slack.

VCR technology matures

At the turn of the decade, Sony Corp. introduced its first videocassette recorder that used $\frac{3}{4}$ -in. tape in a cassette format. Nine manufacturers, including Panasonic, Victor of Japan and 3M, adopted the Sony U-Matic format in 1972 and began manufacturing compatible hardware.

Early in the Seventies, *Merchandising Week* commented that home video recording was already shaping up as the major factor in the home entertainment industry for the decade ahead. However, it was noted, the problem of illegal software duplication would have to be dealt with firmly, and soon, if the industry were to succeed.

It was difficult to project how quickly sales of VCR's would grow. Some sources suggested 20,000 units could be sold in the first year, but others were skeptical. They pointed out that was four times the number of color TV's sold in their first year of production.

Some retailers, however, were

doing quite well with the product. Once again, Chicago's Polk Brothers blazed the trail, promoting the U-Matic units heavily in 1972.

That year, the Cartrivision system was the only one being offered to consumers in the \$1,600 to \$2,000 price range. However, RCA was expected to provide more competition soon with the introduction of its Mag Tape SelectaVision.

By mid-decade, the industry had been shaken up again with the introduction of half-in. tape in the Beta and VHS formats. In 1976, Sony chairman Akio Morita commented, "I believe we can change the concept of the TV industry." At that point, nearly 7,000 Sony Betamax VCR's were being produced each month in Japan and the company announced it planned to manufacture 200,000 units in 1977.

Sony's main offering at that time retailed for about \$1,260. However, some strong price competition soon presented itself in the form of Quasar Electronics' Great Time Machine. It sold for about \$995.

Sony's V-Cord II, available at about the same time, was priced at around \$1,290. And more and more manufacturers, calling VCR's "the salvation of the video industry," were announcing plans to enter the market in 1977.

Soon, the race for time was on. In 1977, JVC introduced a two-hour VHS VCR for consumer use, demonstrating it with TDK's Super Avilyn videotape. Sony that year showed a three-hour Beta VCR along with a portable, the Betapack, and a color camera.

RCA launched a VCR in 1977, "the first videocassette recorder with a four-hour capacity on a single cassette." The company noted, "There is even a black and white camera option that enables anyone to shoot a home-grown television commercial."

RCA said it was marketing "this exciting new consumer product at a highly attractive optional retail price — and with heavy promotional and advertising support. The goal: to carve out a significant share of what promises to be a billion-dollar market."

Japanese increase market share; new technology, products flourish

(Continued from page 67)

only just begun.

Mergers and acquisitions were also part of the decade's news. In 1974, North American Philips increased its offer for Magnavox stock to \$9 per share, and Magnavox said it would recommend accepting.

That same year, Sylvania announced it would take over Philco's audio/TV label and distribution. And Matsushita announced that it was ready to go ahead with the Motorola merger.

On the product front, radical changes and new introductions had begun to snowball by the end of the Seventies.

Microprocessors, which had barely existed just five years earlier, had created a revolution in every industry they had touched by 1978. The market for these devices was expected to

grow at an annual rate of more than 110 percent per year through 1980.

And research and development, once far from the daily grind of retail selling, had become a close ally.

With competition so intense, costs so critical, technology played an ever-larger role in the manufacturing and marketing process during the decade.

Merchandising pointed out it had taken 56 years to develop and begin effectively using the telephone. Radio had taken 35 years and television 12.

But only a few years separated products such as videogames, personal computers and food processors from the drawing boards and their emergence as billion-dollar industries.

By the end of the Seventies, the most important change had become the acceleration of change itself.



STRETCHING TIME. RCA introduced the first VCR that was able to record for four hours.

In 1978, TDK introduced the Super Avilyn VHS videocassette, recommended for use in two- and four-hour VCR's.

Portability also was becoming a factor. Panasonic's portable VHS, introduced in 1979, promoted a camera designed to enable the VCR to "catch the action in the backyard as well as on the 40-yard line." It offered four hours of time per cassette and electronic tuning on some models.

Both the tape and the recorders have come a long way. 3M points out that the two-in.-wide quad videotape that made its network television debut in 1956 used 30 sq. in. of tape to record one second of video information. In contrast, today's home VCR's record a second of video information on just one third of a square in. of tape—a reduction of nearly 100 to one.

In addition, the price of video recording has come down dramatically. Early stock sold for about \$5 per minute. Today, that's down to about five cents per minute, a reduction of 99 percent.

By the end of the decade, the prerecorded videocassette industry was starting to come on strong. In 1979, a pioneering retailer, Golden Tapes of Beverly Hills, CA, announced it would open 300 associated video specialty stores by the end of the year.

As the tape business grew, so did piracy problems. One development, however, was seen as putting an end to this. The videodisc systems, in the works throughout the Seventies, could bring an end to piracy, *Merchandising Week* predicted. After all, fly-by-night operations could not reproduce the discs.

Companies working on videodisc systems through the Seventies included RCA, Teldec, Zenith, MCA and Philips. RCA announced in 1972 that it had developed a disc capable of playing 20 minutes per side — far longer than any other shown previously.

However, the first disc system to be marketed was the Philips unit, launched in the U.S. by Magnavox in 1978. It used laser technology, and got off to a comparatively slow start, being rolled out market by market across the country.

TV's are upgraded

Meanwhile, TV's were undergoing some changes. The decade had opened with a new generation of color sets emphasizing advanced tuning

features, solid state controls and brighter picture tubes.

In the first year of the decade, RCA offered a 16-in. portable color TV set with a remote tuning system previously found only on the company's limited edition Two Thousand set that sold for \$2,000.

That same year, Motorola centered its introductions around the Quasar II, which brought the works-in-a-drawer concept to an 18-in. portable. Instant Play features and AFC were also available in portables for the first time.

Hitachi introduced its first U.S.-made television in 1973, a 21-in. model with an instant-action black matrix picture tube, memory tuning and preset VHS and UHF tuners. It was priced at \$529.95.

That year, it was also announced that the Emerson name would reappear on the TV scene, owned by Major Electronics.

At the 1973 CES, JVC drew attention with two versions of its new video capsule. The seven-in. black and white TV was built into a pyramid in combination with either a digital clock or an AM/FM radio. The top of the pyramid swung back to reveal the TV screen and activate the unit. The clock combo retailed for \$179.95. The radio combo sold for \$189.95.

By 1974, 13- and 17-in. color TV portables by firms such as Sylvania, RCA, Zenith, GE and Sony were particularly popular.

Sylvania that year introduced a picture tube Cathode structure that provided a color picture just five seconds after the set was turned on.

In 1978, Quasar offered a color TV line featuring microcomputer all-electronic touch tuning.

By the end of the decade, projection TV's had appeared on the scene. They were invented by Henry Kloss of Advent Corp. and helped create the home entertainment atmosphere the industry was striving for.

Videogames debut

Another video product made its mark in the Seventies, the videogame. The first units debuted in 1972.

At the 1973 CES, Magnavox introduced its entry, the Odyssey videogame. The company promoted a 19-in. portable color receiver with the game unit built in.

An ad for the product said, "Magnavox adds a further dimension to the television! We've taken America's favorite size color portable and built in America's home videogame—

(Continued on page 71)



MAGNAVOX
MAGNAVOX
MAGNAVOX

SALES GREW when the programmable videogame opened the potential for year-round sales of hardware and software.

75TH ANNIVERSARY/THE SEVENTIES

Electronic games take consumers by storm; calculators break through to lower prices

(Continued from page 68)

Odyssey!

Customers could switch from normal TV viewing to game playing with the push of a button. Three games were offered: Tennis, Smash and Hockey.

In 1978, the big news was that the games were going programmable. Retailers were told that interchangeable cartridges would greatly expand the market, turning the videogame industry into a year-round business engaged in selling software as well as hardware. Anxious dealers began ridding their shelves of the first generation of videogames to get ready for the new microprocessor models.

Atari entered the market with a programmable unit called The Game Brain. It featured seven video pinball variations and five additional cartridges, including Ultra Pong and Video Music. The full-color Atari introduction, which incorporated special circuits to protect a TV's picture tube, sold for between \$100 and \$114.95.

An entire entertainment center was introduced by Bally in 1978. The Professional Arcade home TV entertainment center incorporated a fully programmable microprocessor unit with a four-function, 10-memory printing keyboard calculator, full-screen display, scroll button and entry correction.

The unit was available with two games, Checkmate and Gunfight. It required no batteries and had a cassette mode to play additional games and educational programs.

Handheld electronic games were also popular in the late Seventies. Coleco Industries, which debuted three videogames in 1978, also showed five handhelds as part of its new line.

The Coleco games included Quiz Whiz, a cartridge question-and-answer game; Electronic Quarterback, with a microprocessor-controlled maze game, and Za, which featured an LED missile heading for two goals. The games retailed for between \$10 and \$25.

By the end of the decade, handheld games were still gaining in popularity. On the market were models in all shapes and sizes, from low-priced promotional sports games to sophisticated robots retailing for more than \$30.

Calculators come on strong

Prior to 1972, electronic calculators had generally failed to break below the \$100 price point. A typical early unit was produced by Miida Electronics in 1971. Selling for \$199.95, it offered an eight-digit keyboard, an overflow indicator and a floating decimal point. The unit performed chain and mixed calculations and had a calculating speed of 0.3m/sec.

It was big news when calculators hit the under-\$100 mark in 1972. Texas Instruments offered model TI-3000. It weighed 30 oz. and featured an eight-digit Panaplex readout and a full-floating decimal point. The calculator retailed for \$85.

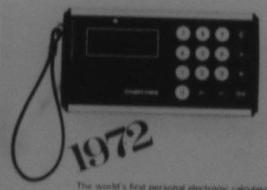
That year, NARDA announced that it would soon offer its members two calculators for under \$100. One was said to feature a memory and a rechargeable battery and would sell

for \$75. The second, using disposable batteries, would sell for \$60.

Prices dropped quickly. One month after the NARDA announcement, Casio introduced a calculator with a suggested list price of \$59.95. The company also debuted what it called "the world's first personal electronic calculator," in 1972. It was, unlike most models of the day, a handheld unit.

Prices continued dropping into the next year. Some models were selling for slightly less than \$40. Retailers were gearing up for a super boom as calculator deliveries improved. Margins were higher and the calculators were offering more and more features. In addition, retailers were getting more sophisticated in promoting, pricing and selling the product. In 1973, Sharp developed a COS calculator incorporating liquid crystal display.

By 1974, the Bomar Brain sold for under \$80, yet offered eight- and 10-digit readouts, percentage keys and a memory. A higher priced SuperBrain featured sines and co-



The world's first personal electronic calculator

AS PRICES DROPPED on calculators, they became more advanced. Many time, handheld calc's were becoming thinner.

sines, squares and square roots, algebraic and trigonometric functions.

By July, printers burst onto the calculator scene. One of the most popular lines was sold by Sanyo in the \$100 to \$200 price range.

In pocket units, LCD technology was allowing the units to become slimmer, more fashionable and even more feature-packed. Sharp, in 1975, debuted a line of ultra-thin (9mm), compact, folding calculators incorporating electronic circuit films. The next year, the company marketed a solar photovoltaic cell mode and a 7mm calculator. In 1977, an ultra-thin (5mm), card-type, sensor-touch calculator was introduced.

That same year, Casio introduced a computer quartz calculator with a clock, an alarm and stopwatch. By 1978, some in the industry were speculating that calculators would soon begin to include AM/FM radios, microcassette players and even tiny TV screens.

Programmable models were available by then, and the price of some pocket units had dropped below \$30.

The Casio LC-78 Mini-Card sold for \$29.95. It displayed function commands in a "wafer thin" horizontal style. The keys were spaced for easy operation and the unit came in a leatherette pocket card case.

Sharp offered model EL-8039, designed in an Art Deco flavor in ebony and brushed chrome. Instead of protruding keys, the unit used an auto-sensing control panel that recorded the number while an electronic

beep verified the entry. The unit sold for \$39.95 and offered up to 1,500 hours of operation on two silver oxide batteries.

On a grander scale, retailers got their first good look at personal computers at the Winter CES. Units ranged in price from \$500 to \$1,500.

Most dealers were uncertain as to who would buy the computers, but targeted small businessmen as their first potential line of customers.

Companies such as Commodore, APF Electronics, Radio Shack, Texas Instruments and Apple Computer all had units on the market.

CB market booms

Another market that boomed in the mid-Seventies was CB radio. By 1975, the product had lost its hobby image and made rapid inroads as a general consumer product. Industry sources were comparing CB to the component stereo industry when it first broke into the general consumer market in the Sixties.

In '75 and '76, demand for the product boomed. However, during



Credit card size LC-78

the second year, the FCC expanded CB from 23 to 40 channels, and thoroughly changed the industry.

Companies such as Clarion, Cobra, Blaupunkt, Craig, General Electric, GTE Sylvania, Kraco Enterprises, Midland International, Pacer, Panasonic, Pioneer Electronics, Sparkomatic Corp. and Sharp all rushed into production with 40-channel systems.

However, by then, the industry was totally confused. Retailers were cutting prices to unload the 23-channel systems they had in stock. And prices of the new 40-channel units were being cut almost as they were introduced.

By 1978, prices had slipped to between \$59 and \$99 and further reductions were expected, despite the fact that the newer units offered features such as two and three-piece remotes and in-dash styling.

Taking up some of the slack, however, was car stereo, which by 1977 had succeeded CB as the most

successful automobile electronics system.

Early in the decade, cassettes had been introduced to the autsound market, which had been previously dominated by eight-track units. In 1971, North American Philips produced a cassette unit for the 1971 Chrysler.

In-dash units were becoming more popular, too, in an effort to cut down on theft.

The entire industry was taking off. More retailers were offering autsound components and installation centers were springing up across the country. About four million units were sold in 1973: three million eight-tracks and one million cassette decks. Yet the saturation level that year among all car owners was a mere three percent.

Lear Jet, the main proponent of the eight track, organized a meeting of autsound merchandisers in an effort to expand the market. The company offered in-store promotional material featuring its \$29.98 model A-20 eight-track player and two cassette units.

The units became increasingly sophisticated as the decade wore on. Sparkomatic, in 1970, introduced a speaker using a cube package. In 1976, it debuted the first power booster to use integrated circuits rather than transformers to improve fidelity and shrink the unit's size. An equalizer with a simulated graph of the frequency response debuted in 1977. And in 1979, a 100-watt graphic equalizer/power booster was developed.

In 1975, J.I.L. offered an in-dash AM/FM/MPX eight-track unit that included a signal seeker for \$219. Clarion marketed an FM/MPX auto-reverse cassette player featuring fast forward and rewind for \$199.95.

By 1978, in-dash units were becoming more popular and some units with digital readouts were hitting the market. That year, manufacturers included Pioneer, Jensen Sound Laboratories, Motorola, Midland International, Clarion, Bowmar Industries and Craig.

Both eight-track units and cassette players were selling well at the middle of the decade, although the cassette format had begun to gain a definite lead by 1977.

The eight-track cartridge had received a shot in the arm early in the Seventies when RCA introduced its four-channel sound system. The product peaked in 1973 as a number of manufacturers rushed systems onto the market.

"Be discreet," read a JVC ad. "See and hear the world's only compatible discrete four-channel stereo record system...fast becoming the accepted standard and your opportunity for new sales...plus the most extensive selection of discrete/

(Continued on page 74)



STEREO STYLES CHANGED during the Seventies as smaller units

THE EIGHTIES AND BEYOND

Home computers capture the nation's imagination. The prerecorded video-cassette industry comes of age and VCR's win a place in the American home.

Video, home computers, portable stereos, microwaves boom

By Lee Rath, editor

If the first two years are any indication, the Eighties is going to be a decade of great change for the electronics, major appliance and housewares industries.

New products are being introduced at a feverish pitch in electronics. Existing items are being redesigned and finding new applications.

In fact, the entire industry is being shaken up as this drive towards redefinition progresses. A TV is no longer just for entertainment. A phone is much more than a passive transmitter and receiver of conversation. A stereo is not confined to the living room any longer now that it can travel. And a computer is not a hopelessly complex device beyond the understanding of most people.

In major appliances, consumers are cooking with microwaves without giving it a second thought. Their other new appliances may be capable of "thinking" for themselves. The refrigerator can monitor its own activities to make sure it's functioning up to par. The dishwasher can be programmed to run when hot water is available or electrical costs are down. And touch controls are replacing the buttons and switches that have been used for so many years.

Electronics are finding their way into housewares too. Microprocessors are beginning to appear in products from timers to blenders. Touch controls are changing the look and feel of food processors, toaster ovens and other products. Also, new materials, such as lightweight plastics, are changing the face of the industry.

Trends that were begun in the past decade are gathering further momentum. People are continuing to spend more time at home. Because of this, they are buying products that can entertain them there, help them entertain others and make their work easier and more interesting.

Which is not to say the decade is off to an easy start. After post-election surge in 1980, the economy began a slide that has still not been checked. The housing market has all but collapsed and money is tighter than it has been in recent memory.

This has had the effect of holding sales down in all but a few booming categories that have captured the consumers' attention enough to override the effects of the recession. Other

products stand in the wings, waiting for the economic turnaround that should give them their day in the spotlight.

Video booms

If any one category boomed early in the decade, it was video. The VCR has evolved from an esoteric high-priced product into a popular item at a price that many find affordable.

In addition, it has spawned an entire new industry—prerecorded video—which has exhibited nothing short of phenomenal growth. Born primarily in sales, it has, however, quickly evolved into a rental business.

Today, a consumer with a few dollars to spare can take home a first-run movie for a day or two of viewing with family and friends. If he is so inclined, he can add a video camera and make his own home tapes. He can even elect to buy a portable VCR that can travel anywhere.

Another source of prerecorded home entertainment is the videodisc. Two systems are now on the market, laser and CED, and a third, VHD, is due to debut this spring. Although the product has been slow to win widespread acceptance, indications are that it will catch on eventually as prices fall and more software becomes available.

The TV that the consumer attaches to his VCR or videodisc player today may be a cable-ready unit, capable of being hooked to a cable system



GREAT EXPECTATIONS are held for phone sales in the Eighties by independent manufacturers.

without an external switcher. It may have an infrared remote control and solid-state touch controls.

The TV may even be a projection model, capable of increasing the picture size to giant proportions. Or it could be a component television system with the screen, speakers, tuner and amplifier all divided into separate devices.

Such systems herald the arrival of TV with stereo sound, due to appear sometime in the Eighties. Designed to interface with a consumer's audio system it will create a total home entertainment package, a true marriage of audio and video.

In this area, audio has taken a back seat to video thus far in the decade. A generation of technological advances has reached the consumer level. Metal tape decks, digital tuning, top-notch noise-reduction systems have all improved the product. And new ideas in packaging, such as the matched, racked component system, have helped broaden the market. But none of these developments have been as startling as those in video.

So audio has chosen to shine instead in the portable category. Compact cassette receivers now offer sound as good as many component systems. And consumers have responded with enthusiasm. Personal portables, such as the Sony Walkman, have opened a whole new frontier in stereo.

Undergoing something of a renaissance in the past few years has been the car stereo industry. Sales have soared as sound quality has been markedly improved. Spending several hundred dollars for an autosound system is no longer shocking to many



CLOCKS TALK and calculators continue to pack more features into smaller packages.

consumers—no matter what their age or sex.

Down the road, manufacturers and retailers alike are looking forward to the introduction of true digital audio by mid-decade. It should shake up the industry, many predict, by offering a quality of sound unheard before in a compact package with limitless applications.

Also, AM stereo, long in the planning, should arrive and give the low end of the market a shot in the arm.

Computer boom expected

The main product to watch, however, is the home computer, the device that may soon be capable of tying all the other products together into a single electronics/appliance package.

Computers have found their way into more and more homes this decade, now that it no longer takes special training to run one. And prices are falling, making computers more affordable than ever.

Much is being done to encourage their use. Computers are being used in schools, even before the high school level. Children and adults alike, whether they know it or not, are



RELEASED IN '81, the CED video disc player carried RCA into uncharted territory.

getting an introduction to computers and learning to feel at ease with them every time they play a videogame.

These games, in fact, have been the biggest story in personal electronics so far this decade. Atari got the ball rolling. Now, it and other firms, such as Mattel, Odyssey, Astrovision and Coleco, are forging one of today's fastest-growing industries.

Also primed for fast growth is the telephone industry as the divestiture of the Bell System gives independent manufacturers reason to be hopeful. Already, new high-technology products are doing well. Cordless sales have picked up significantly in recent months and low-priced chip-based phones with advanced features such as auto redial are enjoying an expanded market.

Calculators, having crammed just about as many features possible into a package still manageable by the human hand, are branching into new areas. Games, clocks and timers are included in many, and a calculator's style is more important than ever. Most significant, however, is the use of solar power to run many of the newer models.

Electronic digital watches are also packing more features into a smaller space. Here too, games have been added along with chronographs and alarms.

Electronics reach appliances

The force of electronics has been felt in major appliances too. A prime example is the microwave oven. Electronic cooking is now a day-to-day way of life for many. Nearly one in four homes has a microwave.

Next on the scene is expected to be induction cooking. It is still an expensive novelty, but companies such as Sanyo and General Electric will be working to move it into the mainstream as the decade wears on.

Meanwhile, exotic timers and touch controls have been included in dishwashers, washers, dryers and air conditioners. These offer the consumer complete control over products which in the past exerted a certain degree of control over their masters.

Electronic controls are being included in housewares products as well. The convection oven is the best example. But blenders, food proces-

sors and toaster ovens are adopting them too.

A new generation of microprocessor-equipped timers may one day rule the entire kitchen, if a couple of visionary manufacturers have their way.

The hottest product thus far this decade, however, has been the portable air purifier. Virtually unheard of a few years ago, this product blossomed into a 4.3-million-unit industry last year, involving many major manufacturers.

The success of this product, to some degree, has been fed by the same stay-at-home trend responsible for generating so much action in home entertainment.

Gourmet food preparation items

have been helped along by this same trend. High-end food processors, pasta makers, ice cream machines and other products are selling well. So is expensive cookware at prices that would have sent the average consumer reeling right out the door just a decade ago.

A new generation of lightweight plastic is bringing a new look to irons and toasters. And electronic quartz movements have changed the way people think about clocks. A cord is no longer considered a sign of accuracy. Digital models proliferate. Some

clocks have even learned how to talk. One of the most popular housewares products of the early Eighties however, contains no electronics. It doesn't offer touch controls and it can't talk. Helped along by the energy crisis, an old standby, the ceiling fan, has been granted a second chance.

It looks surprisingly at ease in a dwelling of the Eighties next to the microwave oven, the computer or the projection TV. Yet it looked just as at home in the office or the house, back in 1907, of any of the first readers of *Selling Electricity*.

75th Anniversary coverage starts on page 17



AURORA ANNOUNCES THE \$383.09 DEALER CALCULATOR DEPARTMENT

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COMPUTER WEEK EXCITEMENT could help to generate sales in Bamberger's dedicated area all year.

Bamberger's computer week launches 450-sq.-ft. section

By William Silverman, sr. assoc. ed.

MENLO PARK, NJ—Moving as fast as the computer business, Bamberger's has seized on a trade show atmosphere as one means of launching these departments.

Four units of the 23-store R.H. Macy division will have computer-dedicated areas this spring, nine this year. Smaller branches will also sell the Atari, Texas Instruments and Commodore home computers.

The Menlo Park store recently opened a 450-sq.-ft. personal computer center adjacent to other home electronics merchandise, in the former luggage and sporting goods areas. Merchandising of the products went into high gear with the home computer week promotion that was held March 1 to 6 and is scheduled for the Paramus store next.

Goal is \$500,000

The goal for the Menlo Park store is \$500,000 in computer-related business a year, said store manager Nancy Borchers. This would represent about 20 percent of its electronics volume.

"This week-long promotion hopefully makes us the computer center in the area," she continued. If Bamberger's can succeed in achieving large-scale home computer volume, it will be an early sign that consumers prefer shopping in a non-segregated department store area to a sterile computer store environment.

Computers must be understood

The understanding of computers, not only by consumers but also on the part of store personnel, has represented the "biggest hurdle," noted Borcher. First, a computer programmer was put in charge of sales, but could not relate to retailing. His replacement was a camera salesman who had gained expertise from outside reading and from a computer course at a local college. The other full-time salesperson and two part-timers in the department were trained by suppliers.

The head salesperson, Paul Linde, pointed out that computer price points are so far below what the public might have expected several years ago that they are often not scrutinized closely. And microcomputers are being increasingly utilized by school systems, developing a computer-aware market, he added, although the systems are usually bought directly from the supplier.

"This business is definitely moving forward, and it is a question of finding the right catalyst to make it explode," said buyer Dennis Bilodeau. "We're looking for that key."

The computer week was such an attempt. It generated a tremendous amount of excitement by allowing consumers to learn about, and relate to computers, noted Borcher. "A lot of people did not necessarily purchase systems during the promotion, but there will be long-term effects."

The "Computer Show" was advertised in a double-truck ad and a full-page follow up. The Commodore VIC-20 was listed at \$295, down from \$329. The TI 99/4, regularly \$499, was \$399; and the Atari 800, normally \$999, sold for \$799.

Some popular peripherals were stocked, including cassette recorders, telephone modems and an Atari printer. Sixty or so software pieces were also available, although none from third-party developers.

During the promotion, the Menlo Park computer area was expanded across the front of the electronics department and all the way into the back, including a "classroom" for demonstrations and contests.

Representatives from Atari, Commodore, Texas Instruments, Peripherals Plus, Creative Computing, Dow Jones News Retrieval Service, Compusource and HyperTek were on hand for demonstrations and to answer questions.

While Bamberger's would not divulge the cost of the promotion, most of the vendor participation came free of charge. For instance, groups of local grade schoolers attended classes in programming the Texas Instrument TI 99/4A to play games. This promotion was handled through the local sales organization at no cost to Bamberger's, according to the TI representative.

Consumers get involved

One of the more popular events during the promotion was a Pac-Man contest, held one evening from 6 to 9 p.m. Scores of people had to be turned away as the first 100 registrants were narrowed to 16 and finally four finalists. Parents and other supporters cheered on the contestants, and the 11-year-old winner scored over 15,000 points to win an Atari 400. Runners-up received T-shirts and computer-theme board games.

(Continued on page 98)

PERSONAL ELECTRONICS

Radio City develops local CB customer base in spite of location next to Radio Shack store

By William Silverman, sr. assoc. ed.

DALLAS—Being located next to a Radio Shack outlet didn't hurt Radio City's CB volume last year.

The 600-sq.-ft. store did about one-quarter million dollars in business, and 15 percent of that was in CB radios and accessories.

"We draw a lot of traffic because Radio Shack advertises so much. The people look around and decide they want a branded radio, beside what Radio Shack has," said owner Walter Barnett, a/k/a "Sweat Hog."

For that branded customer, Radio City carries models from GE, Cobra, Midland and Colt. "All are competitive in quality nowadays," he commented. "Our prices are competitive," too, "based on features. We probably sell most in the \$89 to \$100 range." Prices begin at \$59.95, and go up to around \$200.

The most popular models offer a nominal amount of features, and stay in the price range of Radio City's working class Pleasant Grove section clientele. Despite relatively high blue-collar unemployment here, the selling base is more solid than some others, where CB's were just a fad a few years back.

Still, the major chains often cut prices to the bone and sell on a volume basis. But Barnett has managed to successfully counter this competition.

Part of the operation's success has come from a product mix that includes, besides CB's, car stereo (about 75 percent of the volume), radar detectors and videogame cartridges.

When not servicing customers in his store, Barnett makes himself visible in the community with CB-related projects like accessory auctions. And he follows a heavy ad schedule to reach other consumers, both via direct mail pieces four times a year and weekly newspaper ads.

He backs all of this up with after-sales service to keep customers coming back. Radio City's second store is slated to open later this year.

Customers are serviced

In the store, Barnett is both knowledgeable and personable. "Once a customer buys a CB, there are all types of ways to set it up," he pointed



EXPERT ADVICE about accessories helps Radio City owner Walter Barnett move CB radios. Spending time on the CB talking to people also helps to reinforce his image.



STILL SUCCEEDING with CB's are independents like Radio City. Some customers prefer its personal service to what they find at other operations.

out. "There are a lot of different mounting and antenna arrangements; we have to maintain a variety of accessories."

His outgoing personality also finds expression at the community CBers' weekly meeting, which he usually attends. "The last one was held in Wyatt's Cafeteria, where 72 people were in attendance." And, in the past, Barnett has donated CB accessories to be auctioned off by the group

to pay for the meeting hall.

More than one-third of Radio City's customers live in its zip code area. Flyers promoting CB's and other items reach over 1,000 people, four times a year. The mailing list has been created from the store's sales slips.

The flyers are often sent out following a special purchase, noted Barnett, with savings passed on to the customers. A friend from Art World

Productions, a local advertising and marketing firm, fashions the camera-ready art work. She has also designed newspaper ads for the store as well as the Radio City logo.

Some distributors, however, have been less cooperative in their direct mail campaign than Barnett would like. For the most recent mailer, he received only 20 envelope stuffers from one. "Distributors in this area are not as dedicated to promoting the product as promoting the sale," he complained.

Nevertheless, he usually receives three percent of volume towards co-op newspaper advertising. But the store's total advertising budget is high—11 percent of sales. That's six percent higher than Barnett would prefer.

"But we have to maintain volume and keep traffic coming in," he explained. Media rates in Dallas are high—\$8.50 a column in. and up. A quarter page in a local paper runs around \$175.

Among the major newspapers in the area, Barnett prefers to use the Dallas Times Herald. The afternoon edition is the most popular paper in the city. "My philosophy is that there are working class people in my area, and by the time they get up and go to work, the morning paper is not there yet," Barnett said. "So they get home and read the paper in the evening."

Locally, he takes quarter-page ads

(Continued on page 121)

Bamberger's plans computer departments in nine stores

(Continued from page 97)

Another contest invited participants to submit original programs. Judge David Lubar, software editor of Creative Computing magazine, awarded a \$100 Bamberger's gift certificate to the developer of the most original, friendly and bug-free program.

In addition, on Saturday, March 6 at noon, four-to-eight-year-olds took a trip through Computerland, at a performance of Katie and the Computer, derived from the book by Creative Computing.

During the week, two teenagers who had computerized their homework and newspaper routes gave testimony to the microcomputer's value. A music synthesizer concert took place on Tuesday, March 1. And consumers could take home a computerized portrait Tuesday evening and the final Saturday.

At various times throughout the week, a HyperTek rep showed consumers how to control lights and appliances with a computer. And, information retrieval service reps demonstrated their products on a wide screen television.

There was also a slide presentation that guided viewers through a computerized house. Computer-supplier "experts" were on hand Tuesday through Saturday, from noon to 2 p.m. and from 6 p.m. to 9 p.m. to answer questions.

According to store spokesperson Leona Berger, children responded more readily to the "hands-on" approach than did adults.

For example, she pointed out, the group of fourth-graders from Carteret, NJ seemed to be hesitant at the keyboards for the first few minutes of a class in TI Logo. Yet, within 20 minutes they were eagerly programming. It seemed as if the computer

had quickly become something to be played with in the manner of a videogame.

Added Berger, "In Pennsylvania—the future home of several Bamberger's computer departments—some computer literacy is required by the sixth grade. Several local school systems I spoke to in New Jersey have slotted a budget for micros, too."

Computer 'friendliness' important

What's more, the children's parents respond more favorably when they understand that the machines do not have to be programmed, pointed out Harold Schiffman, eastern regional manager of the Atari computer division. The key is to display computers properly and show them to be friendly. A consumer who is convinced he has a use for a computer will buy it and come back for more software and other applications, he added.

"We try to justify the end use for the customer," said Bilodeau. "This is not as price sensitive an area as videogames," he added.

So far, the best seller has been the \$399 Atari 400. "Price is a factor, but we went with the ones that would be the most understandable," pointed out store manager Borch.

Buyer Bilodeau said, "This show is basically creating an awareness in the consuming public about computers. They are bombarded with information in the Sunday papers, and this gives them a close look at what computers can do. We like to consider ourselves leaders, not followers."

Bamberger's sees computers as an outgrowth of the tremendous videogame growth, he explained.

"The timing is right," said merchandise administrator Bob Homler. "Videogames and computers are where the growth in electronics is

CREATING MOMENTUM was the goal of Bamberger's "Computer Show" promotion. The chain sees personal computers as an outgrowth of the tremendous explosion in videogame sales.

right now."

While the basic computer lines have been in all stores since Jan. 1, he added, some branches are too small to house full departments. Once home computers are more firmly established as proven winners, some stores may also take on business systems, he said.

PRODUCT PICTURE

Speakerphone, Autosecure, intercom added to Extend-A-Phone cordless line

HUNTINGTON BEACH, CA—Extend-A-Phone has introduced a new cordless telephone line that includes speakerphones, a built-in intercom, protection against unauthorized use and push-button dialing with auto redial.

Ranging in price from \$99.95 to \$299.95, the phones can be used up to 700 ft. from the base unit, Extend-A-Phone said.

Model EX 4000 features a touch-to-talk speakerphone that provides the option of answering the phone at the base unit no matter where the handset is. The user can also answer the handset itself.

A built-in intercom provides communication from the handset to the base speakerphone. AutoSecure provides protection against unauthorized access to the phone line. SoftTouch push button dialing features redial capability. It retails for \$229.95.

The EX 5000, also a cordless speakerphone, offers two-way paging and intercom capability at a \$299.95 suggested list.

Model EX 3000, retailing at \$189.95, features AutoSecure, push-button dialing and a redial button. Model EX 1500 features a single hand function switch, single button redial, privacy switch, independent paging and cordless intercommunication system. It retails for \$219.95. The EX 300 has auto redial and one-way paging at a \$179.95 retail.

Two models provide high performance at a cost below that of comparable units, Extend-A-Phone said. Model EX 1100 has a trim design and provides cordless convenience up to 50 ft. from the house without an external antenna for \$129.95. Model EX 1100 offers

Phonesitter adds two extension phone models

CULVER CITY, CA—Phonesitter has added two step-up models to its extension phone line.

The Phone-X-Twenty has push-button dialing, redial, chime ringer, on/off switch, mute, call light and a hang-up cradle. Suggested list price is \$39.95.

The Phone-X-Thirty has the same features as the Phone-X-Twenty with the addition of call storage, which enables 24 frequently called numbers to be stored electronically and retrieved for dialing at the push of a button. The suggested list price of the Phone-X-Thirty is about \$59.95.

Phonesitter, 10381 W. Jefferson Blvd., M, Culver City, CA 90230.



Phone-X-Thirty

Astrovision introduces Music Maker cartridge

COLUMBUS, OH—Astrovision has introduced a Music Maker cartridge.

No knowledge of music is required to make electronic sounds and music. Astrovision said. The computer can create a composition following the rules of counterpoint and harmony. Or, the user can create his own composition using a hand control. To enter music rapidly, the user can graduate to the keypad with a special overlay for entering notes a melody line at a time, playing back five-note sequences and making changes as desired.

Astrovision, Inc., 6460 Busch Blvd., M, Columbus, OH 43229.

Pusher debuts cabinet for 10 videogames

SUN VALLEY, CA—Pusher Products has added a handcrafted, walnut-finish wood cabinet that holds 10 videogames. Most manufacturers, including Atari, Mattel, Odyssey and Activision, can be accommodated.

Besides the 10 individual game cartridge slots, there is room for game instruction storage. The cabinet also toots push-button selection and stackable modular design. The suggested retail price is \$24.95.

Pusher Products, Inc., 8135 Clybourn Ave., M, Sun Valley, CA 91352.



Pusher VG-10

AutoSecure, SoftTouch dialing on the handset, cancel switch, hi-low volume control, redial and mute keys for \$149.95.

For people who want only to receive calls at a great distance, Model EX 900 features "graceful" styling and receives calls up to 700 feet from the base unit. It retails for \$109.95.

Extend-A-Phone, 15161 Triton Lane, M, Huntington Beach, CA 92649.



Extend-A-Phone EX 3000

Parker Bros. videogame lets Empire strike back

BEVERLY, MA—Parker Brothers has entered the videogame software market with a Star Wars game. The cartridge is based on the battle scene from The Empire Strikes Back, as the Imperial troops attack the rebel base on the Ice Planet Hoth. The \$25-\$30 Atari-compatible game, designed for one or two people, pits players against giant Imperian Walkers.

Frogger, a popular arcade game, is Parker Brothers' second videogame. Frogger leaps from lane to lane on a busy highway, dodging speeding cars and trucks. He then crosses a rushing river using logs and turtles as stepping stones, while evading deadly crocodiles and other hazards. The one- or two-player game carries a \$25-\$30 suggested price.

Parker Brothers, 50 Dunham Rd., M, Beverly, MA 01915.



Star Wars cartridge

Talk is cheap.

Here's how to give your community a better business environment.

As a businessperson, you know it's more effective to anticipate a problem than to react to one. What you may not know is that child abuse, child neglect and poor parenting patterns lead to juvenile and adult crime, legal system overloads, lost productivity and increased taxation. Local services to prevent child abuse are understaffed and overworked. Some of the actions you can take to eliminate these problems are listed below. Commit yourself and your company to one or more. Help stop the hurt.

It shouldn't hurt to be a child. We want to stop the hurt.

- We are enclosing a tax-deductible donation in the name of our company.
- We want to help. Please call our company and tell us what you're doing to stop the hurt of child abuse in our community.
- We want to make our employees more aware. We will carry an article about child abuse in our company publication. We will carry your public service announcements in our company publication.
- We want our employees to know more about the problem. Please send us copies of the pamphlet "Prevent Child Abuse" at 10¢ a copy for 100 copies or more.
- We will provide active support to local organizations which can help prevent child abuse. For openers, we will find out the names of these organizations.
- We will plan a day for employees' children to visit our place of work to learn what we do and why.
- We will volunteer our employees' time and talent to community child abuse prevention programs.

- I don't spend enough time with my children. Tonight I am going home early to find out who my children are.
- We want to start helping right now. Enclosed is a check for \$_____. Please give our company _____ memberships in the National Committee for Prevention of Child Abuse, at \$10 each. Attached is a list of names and addresses.

Name _____

Title _____

Company _____

Address _____

City _____ State _____ Zip _____

Telephone (_____) _____

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NEWSLINES

PERSONAL ELECTRONICS

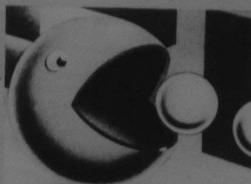
12345



Coleco ready software



Consumer CB interest grows



Pac-Man takes Round 2

TORRANCE, CA—Cordless telephone retail sales improved markedly in the fourth quarter. According to research commissioned by Phone-Mate, 160,000 pieces were sold during that period. The industry total for 1981 as a whole was 230,000 units, said vice president of marketing and sales Robert Petkun. Through June, only 30,000 pieces sold through. Forty thousand were sold during the third quarter, and 160,000 in the fourth. While giving an exclusive preview of these figures to *Merchandising*, he commented, "During the fourth quarter, many retailers began to get into the category for the first time." In addition, an increased retailer commitment to advertising and display also helped cause a 62 percent increase in telephone answering device retail sales last year, he added. Sales jumped from 480,000 units to 760,000 in 1981, according to Phone-Mate research. Recently, Record A Call challenged figures that indicated Phone-Mate had a brand-name share of market of over 20 percent, while Record A Call had 10 percent. The court ruled that while Record A Call sales, including private label, may have exceeded those of Phone-Mate, Phone-Mate can continue to use its share-of-market data.

TROY, OH—Bills to ban radar detectors have been introduced this legislative session, or carried over from last, in these states: Delaware, Bill H.514; Florida, H.129; Iowa, H.2 and H.732; Kansas, H.2120 and H.2206; Oklahoma, H.1676, and Wisconsin, S.371. "Any assistance in killing these bills would be greatly appreciated," says Electrolert, manufacturer of Fuzzbuster. Retailers can write their congressmen, or Electrolert, at 4949 S. 25-A, Troy, OH 45373. Also, the following states have introduced legislation to improve the use of radar equipment and the training of officers: Indiana, H.1403; Nebraska, LB.413, and South Carolina, S.701. As a result, officers would likely be trained not only how to make readings stand up in court, but also how to beat radar detectors, pointed out Gul Industries president Pat MacKinga. This, in turn would cut down on motorists' warning time and speed up the shift to superheterodynes.

NEW YORK—Introductory software for the new ColecoVision videogame system will not include the Phoenix, Challenger and Vanguard Centuri coin-op games claimed by Atari. President Arnold Greenberg explained that he had no prior knowledge of the Atari announcement of its exclusive licensing agreement. Earlier, Centuri "gave me their word and assured me we had a firm agreement," he said. "We shook hands to signify it. The next day they approved the memorandum of agreement I prepared and forwarded artwork and equipment to help us prepare for Toy Fair." Greenberg continued, "The loss of the Centuri games has no meaningful impact on Coleco's plans. We already have more than an adequate number of popularly licensed games for 1982, including Donkey Kong, one of the more popular new games of the year. We have exclusive agreements with Nintendo, Sega/Gremlin, Universal, and Exidy, providing us with a library of over 20 popular titles. We are negotiating for additional new licenses in order to continually expand our library of popularly licensed software for future years." Delivery of ColecoVision and game cartridges for the Atari VCS and Intellivision will begin in July.

WICHITA, KS—A U.S. sales office was recently opened by B.E.L.-Tronics Ltd., the Ontario, Canada-based radar detector manufacturer. Manufacturing could also take place here within a year, said marketing manager Paul Kipin. "Our biggest market is in the States," he added. Until now, B.E.L.-Tronics has used an outside marketing firm based in Canada. In charge of recruiting independent reps here is Keith Fannon. The address is 3031 W. Pawnee, Wichita, KS 67617. Tel.: 316/945-0082. WATS: 1-800-835-4054. At the summer CES, B.E.L.-Tronics will introduce additional compact superheterodyne models within the existing pricing structure, Kipin disclosed.

KANSAS CITY, MO—A Midland International Corp. study shows strong consumer interest in emergency CB radios. More than one-half of the consumers surveyed said ownership would have been beneficial in emergencies they had experienced. Sixty-eight percent indicated they would like to own such a unit. Seventy-seven percent said they had never heard of such a product before, indicating a strong potential market. The two independent samplings of over 300 people were conducted in two regional shopping malls in New Jersey. Midland International manufactures the "Ready Rescue" portable two-way CB emergency radio.

NEW YORK—Electronic game sales will surge about 20 percent in 1982, and again in 1983, according to Frost & Sullivan. The independent poll indicated the strength in electronic games rests with video products, however. Surveyed retailers were particularly optimistic about the prospects for higher-margin game cartridges. Educational aids were viewed as the brightest spot in the non-video area, growing about 10 percent during each of the next two years.

CHICAGO—N.A.P. Consumer Electronics can no longer accept or fill orders for the Odyssey² K.C. Munchkin cartridge. That's the outlook following a ruling in favor of Atari by the U.S. Court of Appeals for the Seventh Circuit in Chicago. The ruling was essentially opposite to a previous one by a lower court, and held that the K.C. Munchkin game appeared "substantially similar to Pac-Man." While a District Court at first granted a stay of the injunction, it has now vacated that stay. N.A.P. has appealed to the U.S. Supreme Court, which could hear the case in six to nine months.

NEEDHAM, MA—Atari has appointed First Ideas of Boston, 388 Hillside Ave., Needham, MA 02194, as exclusive distributor in the Massachusetts/Rhode Island market. Dave Tamburelli, president of First Ideas, a division of RTA Corp. in Albany, NY, and Al Rizzo, sales manager, formerly with Hitachi, head up the operation. Tel.: 617/449-5173.

HAWTHORNE, CA—A national Intellivision Astrosmash contest, supported by television advertising, is running through May. Support materials include a display program, a free Astrosmash cartridge with the purchase of specially marked Intellivision units and Astrosmash patches for everyone who enters. Upcoming promotions include a \$20 master component rebate in May and June, with \$30 in game coupons also offered. The introduction of the Intellivoice speech synthesizer is slated for June and July. A \$5 rebate will be sent to Intellivision owners.

PERSONAL ELECTRONICS/PRODUCT PICTURE

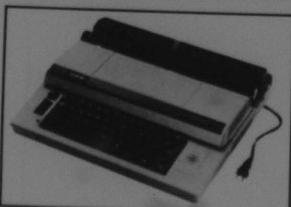
Brother introduces the Correctronic

PISCATAWAY, NJ—Brother has introduced a portable electronic typewriter, model 8300.

The Correctronic features an interchangeable daisy wheel print element, an electronic keyboard correction system and electronic repeat action for all characters and functions.

It is also equipped with an interchangeable cassette ribbon and a built-in correction tape system that is compatible with carbon or fabric ribbon.

Other features include a full-range



Brother Correctronic

key set tabulator, a 12-in. wide carriage and an 88-character office keyboard. A half-space key, a variable line space, and a built-in carrying case are also touted.

Brother International, 8 Corporate Pl., M, Piscataway, NJ 08854.

Harada introduces CB antenna whips

CORPON, CA—A new line of fiberglass CB antenna whips and accessories has been introduced by Harada.

The colorful "Fiber Classics" line of fiberglass CB antenna whips features five models with lengths ranging from 18 to 60 in.

Model CFM-18 is 18 in. long, carries a suggested retail price of \$17.80, and is available in either black or white. The other four models come in a choice of black, white, red or sky-blue: CFN-24 (24 in., suggested retail price of \$20.20); CFM-36 (36 in., \$20.45); CFM-48 (48 in., \$20.75), and CFM-60 (60 in., \$22.60).

The whips unscrew for easy replacement, need no SWR adjustment for best reception, and have power ratings exceeding 1,000 watts. The new line also features three mounting brackets. Model CMBF-4 is a mirror mount with a suggested retail price of \$16.90; model CGBF-3 is a gutter mount valued at \$15.95, and model CBBF-5, a bumper mount valued at \$23.35.

Two mounting kits have 17-ft. coaxial cables. Model CTKF-1 is a trunk lip mount with a suggested retail price of \$29.05 and model CTFK-2 is a magnet mount valued at \$30.75.

Individual accessories include 12- to 20-ft. coaxial cables, replacement studs, a replacement coil and a heavy duty spring. Six complete antennas, with 18-, 36- and 48-in. fiberglass whips, are also available, carrying suggested retail of \$47.40 to \$104.05.

Harada Industry of America, Dept. P., 1900 W. Artesia Blvd., M, Compton, CA 90220.

Entex Adventure Vision uses 6,000-dot matrix

CORPON, CA—Entex's AdventureVision is a stand-alone electronic game that features a 6,000-dot matrix display.

It plays in one- or two-player modes, has joystick controls and can be operated on either batteries or AC current.

The game system comes complete with a Space Force cartridge at a suggested retail price of around \$75. Turtles, Defender, and Super Cobra cartridges are also available for less than \$15 each.

Stargate, the popular coin-op game, has also been added to the Entex lineup, in a separate console.

Entex Industries, 303 W. Artesia Blvd., P.O. Box 8005, M, Compton, CA 90220.

Timex collection adds LCD watches

MIDDLEBURY, CT—The Timex LCD dress collection has been expanded to 10 styles for men and nine for women, ranging in suggested retail prices from \$19.95 to \$44.95. Some now include alarms.

Multifunction digitals for men are also available, priced from \$24.95 to \$54.95. The top-of-the-line 12-digit, 10-function chronograph features a melody alarm, countdown timer and dual time zone indicator.

For the young at heart, two Snoopy LCD's display bouncing baseballs and soccer balls on the readout. Suggested retail is \$19.95.

Timex Corp., Park Rd. Extension, M, Waterbury, CT 06762.



Timex watch 74117

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75th ANNIVERSARY

Merchandising

A GRALLA PUBLICATION

MAY 1982

THE NATIONAL MAGAZINE FOR ELECTRONICS ■ HOUSEWARES ■ MAJOR APPLIANCE RETAILERS

Will E.E.R. be a consideration in your next room air conditioner purchase?

(Based on 377 replies)

YES 11.4%

NO 88.6%

How many videogame cartridges did you buy (or do you expect to buy) the first year you own your game?
(Based on 77 replies)

None	3.9%
1-4	44.1%
5-9	31.2%
10-19	15.6%
20 or more	5.2%

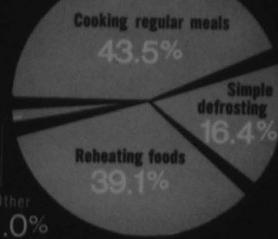
Are you purchasing your car stereo system with your car? Why don't you?

Wanted a stereo that was specifically made for the car	26.5%
Didn't want to bother buying it elsewhere	24.5%
Dealer wouldn't sell car without the stereo	20.4%
Got a better price from the car dealer	10.2%
Other	19.4%

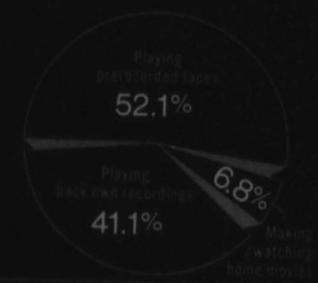
Which of the following features interest you in a handheld calculator?
(Based on 95 replies)



What portion of the time do you use your microwave oven for each of the following?
(Based on 92 replies)



Of the time you use your VCR, how much is spent doing each of the following? (Based on 34 replies)



Which appliances in your household are covered by a service contract?

(Based on 377 replies)

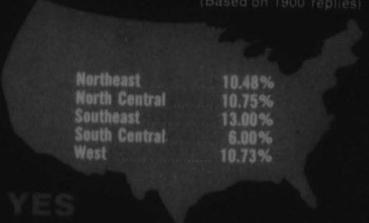


Are you using the same manufacturer for all of your major household equipment?

YES 43.2%

NO 56.8%

Will there be a personal computer in your household by the end of 1982?
(Based on 1900 replies)



10th Annual Consumer Survey

1900 shoppers tell why, how, where and when they make their purchases

TRENDINGS IN PERSONAL ELECTRONICS



William Lechmere

Electronic music instruments have mass audience appeal

The latest wonder of chip technology could be selling like gangbusters come Christmas. What is it? The electronic musical instrument, so far including keyboards from Casio and Yamaha, and drums from Mattel Electronics.

In the past few months, merchants across the retailing spectrum have found that sales of the Casiotone line—including both lower-priced portables and more expensive, larger instruments—far exceeded their expectations.

Those products, retail priced from about \$59 to \$1,000, have now been joined by Yamaha units at approximately \$49 and \$99. And soon, retailers will start receiving deliveries of the \$80 wholesale Mattel electronic drum set.

"This will be a very exciting area to watch, in both the high and low end, at Christmas," said Sanger Harris electronics and camera buyer Ken Wax. "It is really something new and different."

"I want to be a music headquar-

ters," he continued. "I think this is a business with enormous growth potential."

While the six Lechmere Sales units have sold "a few" Casio 701's at about \$1,000, buyer Kevin Nixon said he has been more gratified by the better-than-expected response to the lower-priced models. "They will be a big Christmas item, and a strong steady business," he said.

The instruments "have meaning" and represent a "lasting market," commented Herb Kline, president of the three Boston-area Markline catalog showrooms. And, they still command full margin in the Boston area.

Moreover, he added, "A lot of people would not go into a music store for any reason, yet would go into a discount or catalog store."

Department stores paved way

As is so often the case with new technologies, it was the department store that first tried out this new item. Now that it has proven itself, the question is how long can margins hold up with musical products being competitively marketed by discounters, catalog showrooms and even toy stores. Perhaps some retailers will be able to make up lost margins with the step-up models.

More suppliers are sure to enter the field soon, and coupled with increased production, the resultant lowered prices could also expand the market.

Hopefully, portable musical instruments won't become another electronics category with large sales volume and little profit. Unlike video games, there is no software for retailers to fall back on for profits.

One real beauty of these instruments is that they appeal to the beginner, or anyone who just likes to grab a keyboard. Before now, that could never happen—only guitars were portable.

Still, it's probably a good idea to merchandise them together, in a music-related area. Together, so that there can be no confusion about what the store sells, and in a music-related area because that is where potential customers of high-ticket keyboards can become exposed to the category.

Record and audio departments immediately come to mind. Records make sense, said Lechmere's Nixon, because musicians head there before any other store area.

Placing a mini-department in or adjacent to audio also appeals to the consumer's need to own interactive as well as passive electronic entertainment equipment. That is where they are usually placed in Sanger Harris' stores.

The stores use manufacturer-supplied stands that hold several models in tier fashion, and hook the larger ones to stereo speakers. "They must be in a place where the customer can play with them," Wax stressed.

The larger instruments are programmed to gather attention by repeating tunes. In addition, Wax's salespeople have been supplier trained.

"Salespeople often are not versed in the nuances of music," conceded electronic musical instrument general manager Bob Larson of Casio. "But we have initiated a massive regional training program."

When it comes to the portables, though, the instruments' simplicity helps them to sell themselves, said salesman Andy Amarante, Sam Ash Music, New York.

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Tenth Annual Consumer Survey

Close to 20 percent of consumers queried own a videogame

Almost 20 percent of the shoppers approached by Merchandising for the consumer survey owned a videogame and another 9.2 percent indicated that they planned to buy one this year.

Many consumers, 44.1 percent, who already owned a videogame reported that they had bought (or expected to buy) between one and four cartridges the first year they owned the unit. And owners of Mattel models indicated that they owned an average of 12 cartridges as opposed to the 7.4 owned by Atari players and the 4.7 owned by Magnavox Odyssey gamesters.

Videogame owners also reported that Atari was, by far

Electronic Games

Which of the following was the greatest influence on your decision to buy the videogame system you have?

Percent of replies

50.0%
30.9%
11.8%
4.4%
2.9%

*68 reply

Do you own a videogame unit?

Percent of re

*369 replies

In 1982, which of the following non-video games are you likely to buy?

Percent of replies*

20.5%
41.1%
45.2%
27.4%

273 reactions

**Adds to more than 100% due to multiple reporting.

How many non-video games are currently in your household?

Percent of replies*
41.7%
32.2%
13.9%
8.7%
2.6%
0.9%

Average number of non-white persons per household

*115 replies

Is there a non-video electronic game in your household? Will there be in 1983?

	Percent of households				
	Number of households	Have in 1982	Will get in 1982	Will have in 1983	Expected percent change 1983/1982
Northeast	420	33.57%	8.33%	41.90%	+ 24.8%
North Central	437	25.40%	7.09%	32.49%	+ 28.0%
Southeast	377	25.20%	6.63%	31.83%	+ 26.3%
South Central	200	23.00%	12.00%	35.00%	+ 52.2%
West	466	35.84%	7.73%	43.57%	+ 21.6%
Total	1,900	29.47%	7.95%	37.42%	+ 27.0%

25

Tenth Annual Consumer Survey

Calculators with clocks draw most consumers' interest

Which among the new crop of ancillary features being offered on calculators most interests the shoppers queried by *Merchandising*? A clock, said most, 54.7 percent. After that came games, with 40 percent. Last on the list, a music feature was singled out by 24.2 percent.

Calculators

What percent of the time you use your calculator does each of the following account for?

	Percent of replies*
Business	30.7%
Personal finances	54.1%
Studies	13.2%
Timekeeping/entertainment	1.1%
Other uses	0.9%

*259 replies

Is there a calculator in your household? Will there be in 1983?

Number of households	Percent of households			Expected percent change 1983/1982
	Have in 1982	Will get in 1982	Will have in 1983	
Northeast	420	70.47%	8.33%	78.80%
North Central	437	68.19%	7.78%	75.97%
Southeast	377	67.64%	11.94%	79.58%
South Central	200	64.00%	12.50%	76.50%
West	466	82.62%	8.37%	90.99%
Total	1,900	71.68%	9.37%	81.05%

If you do plan to buy a calculator in 1983, what type will it be?

	Percent of replies
Handheld	61.7%
Desk-top (based on 60 replies)	38.3%
Printer	68.2%
Non-printer (based on 44 replies)	31.8%
Programmable	62.2%
Non-programmable (based on 37 replies)	37.8%

Overall, 9.37 percent of the shoppers who did not own a calculator when questioned indicated that they plan to buy one this year, also opening a variety of sales opportunities for new customers. This also means that saturation, at least among this group of consumers, will reach 81.05 percent by the end of the year if everyone who said he was planning to buy a calculator actually does.

Saturation was strongest in the West. And that area is expected to retain its dominance through the end of the year.

The fastest growing area, according to our shoppers, should be the South Central, however, which is expected to register a 19.5 percent gain in unit ownership this year.

Which of the following features interest you in a handheld calculator?

	Percent of replies*
Clock	54.7%
Music	24.2%
Game	40.0%

*95 replies
**Adds to more than 100% due to multiple replies.

If you own a calculator, what type is it?

	Percent of replies*
Handheld	86.2%
Desk-top (based on 260 replies)	26.5%
Printer	32.2%
Non-printer (based on 174 replies)	74.7%
Programmable	35.5%
Non-programmable (based on 169 replies)	67.5%

*Multiple ownership
**Adds to more than 100% due to multiple replies.

Shoppers would pay an average \$1,487 for a computer

A top price of \$1,487 is what the average consumer represented in the *Merchandising* survey would be willing to pay for a personal computer.

While some indicated that they would be willing to pay more than \$3,000 for a computer, others said they would bow out of the market at less than \$250.

The most popular price range was \$900 to \$1,900. Some 29.6 percent of the respondents said that's what they would be willing to pay to have a personal computer in their home.

Overall, almost half, 49.4 percent, said they would be willing to pay more than \$900 for such a product.

As the questions were asked, 5.58 percent of the 1,900 consumers surveyed reported having a personal computer in their household. Another 5.05 percent said they ex-

pected to get one this year, which would boost the saturation level to just over 10 percent, a jump of more than 90 percent.

Saturation was greatest in the Southeast, the consumers indicated. But the Northeast showed by far the greatest potential for growth this year.

Most used for business

Those consumers who already owned personal computers indicated that they used them most often for business purposes. It took up 55.6 percent of the time they used the computer, the respondents said.

What is the most you would consider paying for a personal computer?

	Percent of replies*
Under \$250	8.6%
\$250-\$499	16.1%
\$500-\$899	25.9%
\$900-\$1,999	29.6%
\$2,000-\$3,000	9.9%
Over \$3,000	9.9%

Average highest price consumers would consider paying: \$1,487

*81 replies

Personal Computers

Is there a personal computer in your household? Will there be in 1983?

	Number of households	Have in 1982	Will get in 1982	Will have in 1983	Expected percent change 1983/1982
Northeast	420	3.81%	6.67%	10.48%	+175.0%
North Central	437	5.72%	5.03%	10.75%	+88.0%
Southeast	377	7.43%	5.57%	13.00%	+75.0%
South Central	200	3.00%	3.00%	6.00%	+100.0%
West	466	6.65%	4.08%	10.73%	+61.3%
Total	1,900	5.58%	5.05%	10.63%	+90.6%

In second position came entertainment. The personal computers in use devoted more than 20 percent of their time to entertaining their owners, according to the shoppers surveyed.

Some 13.9 percent of their time was spent in sorting out personal finances. Finally, only 9.9 percent of the time was spent in personal enrichment or other pursuits.

What percent of the time is your computer used for each of the following?

	Percent of replies*
Business	55.6%
Personal finances	13.9%
Entertainment	20.6%
Personal enrichment/other	9.9%

*11 replies

More game entries and owners could make it a record year

By William Silverman, sr. assoc. ed.

SUNNYVALE, CA—Are video-game software dealers facing a product glut that could lead to price slashing next December? Will the customer base begin to expand more slowly than the number of cartridges in distributors' and dealers' inventories?

Anything is possible in the consumer electronics field, but the likelihood of such an event this year is remote, most surveyed industry sources told *Merchandising*. In fact, they believe 1982 could be another record year for many dealers.

This is because each consumer in the expanding universe of videogame owners buys an estimated six or more cartridges a year, on the average.

Admittedly, first generation software will probably see some price cutting this year. But the trend toward higher-priced 4k and 8k cartridges is expected to account for significant growth. And many companies will be backing their more advanced cartridge introductions with increased advertising.

A wide assortment of new cartridges will be made available beginning in June. Some even feature voice-synthesis add-ons.

Games draw consumers

"Videogames are so hot many retailers use them as a drawing card—but they don't have to," noted Ron Stringari, vice president of consumer electronics, Atari. "The consumer wants this product and is willing to pay for it. The key to margin is having the customer involved in the game. Have it available for him to play, answer his questions and maintain a nice broad assortment."

The only retailers with inventory problems will be those who buy cartridges consumers are not interested in, or which are not supported by the right amount of advertising and promotion, he added.

Richard Hoag, vice president of sales, Mattel Electronics, also recommended tying in with promotional programs and going with the "big guns" in the business. "Let consumers know you carry a broad product range," he commented.

But retailers, suppliers advised, will have to plan ahead to ensure enough products to last through the all-important holiday season.

"I look at 1982 as being another boom year for both hardware and software," said Jim Goldberger, vice president of marketing, Imagic, a new Atari- and Mattel-compatible software supplier. "Retailers must order in sufficient quantities or develop an out-of-stock situation."

"New and popular themes will continue to be strong," he added, "but some first-generation software will see some price cutting."

This year will see an 80 to 100 percent growth in software unit and dollar volumes, predicted Jim Levy, president of Activision. And a trend toward higher-priced 4k and 8k cartridges will continue, he said.

Still, he pointed out, "There is a great temptation on the part of retailers to beat each other up with hit products near cost. Retailers have to resist the temptation, and in some cases, must stick to their philosophy of doing business."

To help stimulate software volume,



STIMULATE THE SOFTWARE GAME SALES by having units available for customers to play, being able to answer their questions and maintaining a broad assortment.

merchants should look for cartridges that play off the fantastic excitement generated by arcade games, said Mike Katz, vice president of Coleco. Twenty to 40 percent markups are still possible, he said.

At the same time, utilizing wall space above televisions, for instance, takes advantage of the boxes' graphics, pointed out Jerry Michaelson, Odyssey² vice president of sales for special markets. Low-traffic locations

can also build a customer base by designing a club around a "Buy X number, get one free" theme, he suggested. Special announcements could then be mailed when new cartridges become available.

A lot of exciting products will debut throughout the second half of the year. And although software suppliers generally do not reveal their advertising budgets, it is a safe bet that videogames will be well repre-

sented in television campaigns this fall and that the promotions will include some of the following.

Between now and November, Atari will introduce Defender (June); Math Grand Prix and Demons and Diamonds (July); Berzerk (August); Star Raiders (September), and Adventure Series Parts I and II (October and November).

In addition, the new Atari 5200 console, retailing at \$329 list, will feature advanced cartridges incompatible with the VCS. Ten units will be available in September for around a \$31.95 retail, including Asteroids, Space Invaders, Missile Command, Star Raiders, Galaxian, Centipede and Soccer.

In a year, the 5200 will account for one-quarter of all Atari videogame units sold, Stringari said. The company's overall videogame advertising budget has been doubled for this year. The next big push, following a tremendously successful Pac-Man launching in March and April, will be for Defender next month.

Other companies have also readied what they confidently predict will be blockbuster games. In September, Mattel plans to offer Lock and Chase, a licensed arcade game, retailing for about \$25.

Earlier debuts from Mattel include Chess, Dungeons & Dragons, two

(Continued on page 92)

Suppliers' tape education reduces customer confusion

(Continued from page 41)

a tendency among consumers to believe that price equals quality. That is why our in-house clinics are so important. We teach consumers the benefits of high-bias tape, for instance, and why metal is so good. But, it will take a while before we can teach them what application goes with what tape."

Increasing business indicates that the educational process might already be working for Loranger. "As soon as consumers try any brand of high quality tape, they realize there are no benefits from purchasing cheaper tapes, which just need to be replaced in six months," said Franklin.

Dealers need training

Sales training is where Sony is concentrating its educational efforts right now. "Consumers are confused when it comes to purchasing tape and often this is because the salesmen don't take the time to explain the differences," expressed Ira Halperin, national sales manager, tape. "To help, we hired a sales representative whose responsibility is to educate the sales force. We are sure that having someone whose primary objective is to bring product knowledge to dealers will increase sales."

At the same time, consumer education in the audio field is important because sales pitches have become more technical. "It is a rare person who knows what all the technical jargon means," said Diane Sasaki, public relations and advertising manager, Sony. "But these qualities must be stressed because they directly affect the cassette's use."

Regarding videotape, Halperin is not worried about the recent introductions of eight-hour VHS tape. "For two years Sony has had a stackable Betamax that will record up to 20

hours. So, if they want to get into the numbers game, we can too. I believe the impact of the eight-hour tape on the market will be small. I honestly do not feel anyone will sit in front of a TV for eight hours, or for that matter, even five or six hours."

Fuji's super high-grade videotape promotion is reflective of wanting to reach consumers by improving their knowledge, said John Dale, vice president, general manager. P-o-p material not only aids customers, but also dealers who are asked all sorts of questions about tape, he added.

Still, despite all the efforts to clear up consumer confusion, Dale believes that the new eight-hour videotape is delaying the process. "There is confusion among consumers," he stated. "I don't really believe that people will be switching to the tape in large numbers. By mid-summer we'll be able to see what effect it has, if any, on the market."

PD Magnetics is planning to wait until after the Summer CES to put more emphasis on consumer education, noted Robert Baer, product manager. "We have no programs right now, but we will be focusing on education at the point-of-sale in the future. Consumers, especially in video, are confused," he said.

Gains are also expected in videotape, but, said Baer, the future of the eight-hour cassette is still uncertain. "We are a supplier of the European Video 2000 system that Phillips and Grundig manufacture, which was the first eight-hour tape." Still, judging from the success of that experience, he predicted that the tape would meet favorable response in the U.S.

"People will compare the five-hour Beta tape versus the eight-hour VHS tape," Baer explained. "However, there are other factors consumers will consider, like portability, program

capability and price. And don't count Sony out. The firm has too strong a name," he declared.

Memorex has been handling its consumer education through advertising, said Joe Petite, marketing manager, video products. "We do have several audio clinics, but nothing in video."

The company plans to introduce dry head cleaning cassettes for both Beta and VHS recorders at the CES. They will be priced at \$18.95 and \$19.95, respectively. The T-160 VHS cassette, which allows up to eight hours of recording and playback time, will also debut at the show. It will carry a suggested list price of \$35.95.

Noted an RCA spokeswoman, "We are strongly looking into consumer education. In fact, there is a strong possibility we'll come out with something in the fall that ties color television in with various types of video merchandise."

RCA came out with the VK330 eight-hour videotape in February and plans additional introductions this month.

"It is still too early to tell what impact the tape will have on the market. However," she remarked, "the six-hour tape will remain the best-seller, even though the eight-hour format is more economical and space-saving for consumers who are building tape libraries."

A videophile newsletter is the dealer/consumer education approach taken by 3-M. Called "Fast Forward," it is available free from 3M's Home Entertainment Products Department. The four-color, six-page newsletter provides answers to technical questions, insights into the video business from a consumer's point of view, ideas about making the most and best use of videotape equipment plus articles and tips.

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PERSONAL ELECTRONICS/PRODUCTS

HyperTek introduces home control computer

SOMERVILLE, NJ—The Homebrain from HyperTek is a "total home control computer system." The dedicated system, designed specifically for control of the home, takes care of energy management, home security, lighting control, safety monitoring and appliance control.

The independent computer system does not depend on a personal computer. Nor does it depend on house current. Therefore, the house is under control even during brownouts and blackouts.

The Homebrain has an I/O potential of over 3,000 channels. It has timers, counters, alarm clocks, sched-

ules and calendars. It also logs the operating times of home functions. Numerous software packages are available for communicating with the Homebrain through a personal computer.

The first model is said to be best suited to personal computer owners

and hobbyists. This model has a suggested retail of \$750 for the system and a primary interfacing software package. Advanced home management software packages are available.

HyperTek Inc., 30-4 Farm Rd., M., Somerville, NJ 08876.

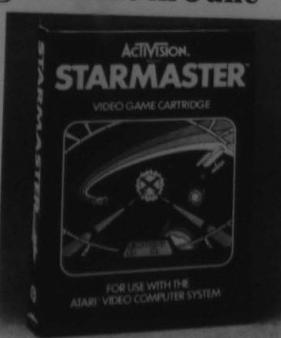
StarMaster and Chopper Command join Activision videogame line in June

SANTA CLARA, CA—Activision has released StarMaster and Chopper Command videogame cartridges for the Atari VCS and Sears Tele-Game Video Arcade. Both games are scheduled to be shipped to retailers in June.

StarMaster is said to include a variety of challenges and skill requirements in order to simulate the feeling of a realistic space experience. The player must become familiar with the controls in order to use his energy reserves efficiently and be able to dock his starship safely. In addition, he needs to make strategic decisions about where to attack and when, and be able to use his weapons effectively.

In Chopper Command, the player is pilot of a helicopter gunship protecting a truck convoy crossing the desert. He commands three helicopters—the one he is piloting and two more in reserve. Waves of enemy jets and choppers are trying to destroy the convoy, and he is sorely outnumbered as he tries to fight off the enemy.

The player does have a slight edge. His chopper is equipped with a long-range radar scanner, and his gunship can make quick 180 degree



Activision StarMaster

turns. The long-range scanner, located at the bottom of the television screen, allows the player to see the incoming enemy as well as the convoy he is protecting.

StarMaster and Chopper Command will each carry a suggested retail price of \$31.95.

Activision, 3255-2 Scott Blvd., M., Santa Clara, CA 95051.

Trac 1 radio watch added by Armitron

NEW YORK—Armitron has introduced the Trac 1 radio watch. Features include lightweight headset, "easy-to-use" station tuner and high/low volume control.

Available in early June, the watch will retail for under \$40.

Armitron Sales Dept., div. of E. Gluck Corp., 29-10 Thomson Ave., M., Long Island City, NY 11101.



Armitron Trac 1

Accutime Products has pocket electronic games

SCOTTSDALE, AZ—Accutime Products has introduced a series of pocket electronic games trademarked "Time & Fun."

The 4-5/8-in. by 2-9/16-in. games are available in four styles, retailing for under \$30. Each offers an electronic game with two skill levels, combined with a melody alarm and chronograph.

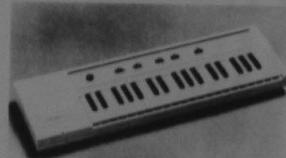
Accutime Products, 10255 N. Scottsdale Rd., M., Scottsdale, AZ 85253.

Casio expands musical lineup

FAIRFIELD, NJ—Casio has introduced two additional portable musical instruments.

The Casiotone MT-31, at \$169.50 suggested list, is an electronic keyboard capable of reproducing 22 different musical sounds. It has 37 keys, four memory positions, volume and pitch control, built-in AMP and

speaker. The MT-31 also has sustain, vibrato and power on/off switches. The unit is powered by battery or

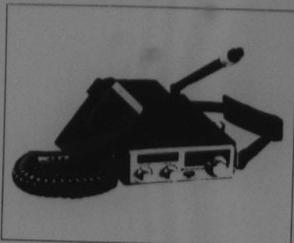


Casiotone MT-31

optional AC adaptor and weighs only 4½ lbs.

The Casio tone MT-40, at \$199.50, can also produce 22 different musical sounds. Besides features found on the MT-31, the unit also has a six background rhythm section, 15 automatic bass keys and a drum fill feature. It weighs five lbs.

Casio Inc., Consumer Products & Timewatch Divisions, 15 Gardner Rd., M., Fairfield, NJ 07006.



Midland 77-800M

NEWSLINES

PERSONAL ELECTRONICS

12395



Levy lauds videogames



Pac-Man passes one-million mark



Timex intros a computer

SAN FRANCISCO—The electronics industry should start recognizing distributors for their contributions in service, technical support, and profits to both manufacturers and end-users, according to the president of one of the world's largest personal computer software distributorships. "With the personal computer industry growing as fast as it is, distributors' roles will become more pronounced," said Bob Leff, president of Softsel Computer Products, Inc., of Inglewood, CA. This is because "many more smaller companies are now buying equipment in smaller quantities than ever before," he commented during a speech to West Coast Computer Faire attendees. "It is virtually impossible for a manufacturer to make a profit by selling one system, or three copies of a software package, to a computer store dealer. The dealer, on the other hand, can't live with a manufacturer's typically high minimum order quantity," Leff continued. Distributors are also valuable as consultants, since many dealers "are retailers as opposed to computer experts," he said. Noting that matching software and hardware is still a major problem in the computer industry, Leff stressed that the distributors' role can be especially important in software selection.

VALLEY FORGE, PA—The first issue of *Power/Play*, a magazine for home computer users, has been published by Commodore Business Machines. The magazine shows Commodore computer users how to use the "power" and "play" capabilities of their units for personal development and entertainment, said Kit Spencer, vice president-marketing of Commodore's Computer Systems Division. Individual copies of the premier issue are now available from Commodore dealers, and other issues will be published quarterly. *Commodore Magazine*, another company publication, is now devoted to non-home use of the company's entire line of microcomputers, and continues to be published bi-monthly. Subscriptions to *Power/Play* are available through *Commodore Magazine* as well as through subscriptions forms to be included with all Commodore microcomputers.

SANTA CLARA, CA—Calling videogames a "legitimate, important form of American home recreation," Activision president Jim Levy said the business has to be taken seriously in the long run. "It's an industry within which fads may come and go," he noted, "but the basic industry remains. We expect that the majority of American homes will have some form of computer game playing device—either videogame or home computer—by the end of this decade. Since only 10 percent do so today, there's enormous growth ahead."

NEW YORK—"We feel that in a marketplace where *PlayCable* exists, retailers over the course of time will do better than if we did not exist," president Gary Stein told *Merchandising*. "Because we will only have 15 games per month, as more and more Intellivision games become available, we offer a smaller and smaller percentage," he explained during a recent interview. "Therefore, we become more like a Top 40 radio station; we'll have selected games, but we can't have the favorite of everyone. We become a great sampling vehicle, and an inducement for people to come into the videogame franchise." Subscriptions now total in the "low thousands."

SUNNYVALE, CA—Pac-Man has been the undisputed star of home videogames since mid-March. The videogame cartridge has already sold through its first distribution, with the total number shipped put in excess of one million. "Atari shipped more Pac-Man cartridges in March than it shipped Space Invaders cartridges in one year," said Geoffrey Holmes, vice president of investor relations for Warner Communications, Inc. Noted a spokesman for Sears, Roebuck and Co., "We opened our stores and sold a month's worth of cartridges in one day." Similarly, the 154 American Home Video Stores in 28 states sold through 40,000 Pac-Man cartridges in less than three weeks. On April 3, "Pac-Man Day," the Yellow Fellow appeared via life-sized costumes in 27 cities.

SAN MATEO, CA—Combining home control and security with communications technology, a new system from Anova Electronics is "greater than the sum of its parts," according to marketing manager Keith Virnoche. Anova is a new division of West Bend Co. It's \$200 (approximate retail) console sends signals to four lamps and appliances. A home protection device, approximately \$250, includes two door or window intrusion transmitters, a medical panic button, a handheld transmitter and a water sensor. Through household wiring, this device ties into a combination advanced electronic phone and dual mini-cassette answering machine. The speaker phone has a 16-number auto-dialer. The \$500 device's answering function features seven channels, including three with automatic emergency messages. All components plug directly into AC outlets, Virnoche pointed out. The system will be backed by heavy co-op advertising and fourth-quarter consumer magazine ads. Point-of-purchase displays also will be available. Deliveries to consumer electronics dealers begin in July. The address is 3 Waters Park Dr., Suite 201, San Mateo, CA 94403. Telephone: 415/572-9866.

NEW YORK—Timex will enter the personal computer market this summer with a unit carrying a suggested list price of \$99.95. The Timex Sinclair 1000, made and marketed by Timex, is expected to hit the market in August. It is an enhanced version of the Sinclair ZX81, which Timex Corp. currently manufactures in Dundee, Scotland. Also available will be a 16K ram memory expansion module with a suggested retail price of \$49.95. Expected to reach the market in the fourth quarter of this year are a printer, with a suggested list price of \$99.95, and a communications interface device, also with a suggested list price of \$99.95. Cassette-based software covering business and household management, education and entertainment will be available at suggested prices ranging from \$9.95 to \$19.95.

The computer will be distributed through Timex's more than 100,000 retail outlets, including computer stores, department stores and chains, and consumer electronics, jewelry and drug stores. Daniel Ross, vice president of Timex Computer Corp., stated, "For the first time, a fully programmable computer is within the reach of most American budgets." A complete marketing program will be aimed at the first-time computer customer, the educational market and computer buffs. It will include instructional p-o-p displays, an expanded marketing force trained in selling computers, an extensive service network, a 90-day guarantee and a national ad campaign starting in August. The Timex Sinclair 1000 will be on exhibit at the Consumer Electronics Show in June.

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NEWSFEATURES

Captain Video stresses videocassette club; videodiscs have yet to make major impact

(Continued from page 65)

than high-budget films such as Friday the 13th. However, the demand is usually based on the neighborhood. At the Lombard St. store, he noted, Kung Fu movies are the most sought after.

In order to fulfill his customers' preferences, Geffner declared, he must order tapes by intuition and by understanding consumers' needs. "This is why I insist on being an active owner."

Videodiscs, however, have not performed as well. When he opened the store, Geffner was confident that videodiscs would be the big hit. He has since changed his tune. "There is not enough merchandise available yet and the unavailability of pornography is limiting the market," he complained. The store does carry a limited selection of laser discs but Geffner is just sitting back and watching the market before he expands that product area.

Instead, he is concentrating on the store's videocassette club which has 1,000 members. For a \$50 yearly membership fee, a customer receives 12 free rentals (one per month), plus a free rental on his birthday. The rental charge is \$5 for two nights, "but we are pretty lenient. We won't hassle good customers if they return a tape late."

Club members can also buy blank videotape at a discount. For example, a TDK T-120 cassette costs club members just \$13.95. A small selection of video accessories are also displayed and Geffner plans to expand this area in the near future.

Opposes rental plans

Even though sales encompass a significant portion of Captain Video's business, Geffner is very concerned about the positions the movie companies have taken towards rentals. "The battle lines have been drawn over this issue and I am definitely on the side opposite the studios," he asserted. "They are incorrect. The truth is that we do make money on rentals but we always reinvest the profits right back into new releases. However, the extra surcharges are forcing us to cut back on inventory, so the movie companies are the ones who are losing out," he claimed.

Geffner added, "I am willing to pay a rental premium on new releases provided there is a sufficient pay-TV window." Still, he explained, it is very difficult to compete with pay television, even at a \$5 rental charge. "If the business was stagnant, then all of this would be justified, but the way it is set up, dealers are just being squeezed out."

To help stimulate both sales and rentals, Captain Video allocates \$2,000 a week for advertising, with most of it going for newspaper campaigns. Radio and television ads are aired occasionally.

Promotions, on the other hand, are run frequently because "We had a good year and we want to give some of it back to the customers who supported us," Geffner pointed out. Captain Video recently sponsored a drawing in which a projection television and a color TV were given away.

They also had a Super Bowl promotion. The store awarded five

free rentals to any customer who correctly guessed the final score of the game between the San Francisco 49ers and the Cincinnati Bengals.

On a more personal scale, Geffner said he has a trade-out deal with a local wholesale fruit merchant, whereby the video store is supplied with fruit in exchange for free rentals. The fruit is then given out to the customers.

But, the store also gets exposure through its public relations agency. Geffner explained that whenever video makes headlines in the area, their PR firm makes sure they are contacted for comments. In addition, the agency has helped develop articles about the store and the owners have also appeared on radio talk shows.

One event that has helped put the store in the spotlight is the home videotaping case. Since the most recent court decision came out of San Francisco, the local television and radio stations gave it a lot of coverage. And, as a result, Captain

Video's owners were interviewed on several occasions.

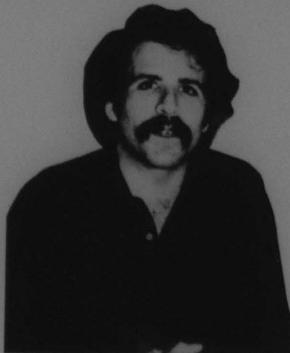
"Video is a hot news item anyway you look at it," Geffner declared. "It is changing the habits of the public and that is creating more of a focus on home video in general. "And anything that will bring customers to my store is fine with me," he reported.

Expansion is part of Captain Video's future. The four co-owners currently hold a percentage of three franchised outlets in northern California and Reno, NV.

The franchise package costs \$39,500 and includes 450 videotapes, display units for the tapes (which they sell nationally to other stores), a color television and a VCR.

An advantage to the franchise program, according to Geffner, is the increased buying power of the several stores. Joint advertising efforts are another selling point, he added.

Even though the four partners make between \$10,000 and \$12,000 from each franchise deal, they refuse to open a store that isn't going to



BETA TAPES DOMINATE the shelves at Captain Video in San Francisco because Beta VCR sales are strong in a neighborhood store, Paul Geffner, co-owner, reports.

make money for the individual owner. "It is just not to our advantage for a store not to make money," Geffner pointed out. "After all, if one Captain Video store does poorly, it reflects on all the rest." Therefore, before a deal is approved, they closely examine the demographics and visit the prospective location.

Arcade videogames will dominate second-half releases

(Continued from page 43)

cartridges based on the Tron movie from Disney (June), and Pinball (July).

Mattel also has begun manufacturing cartridges for the Atari system. Most of the initial 10 titles (six available in June) have themes similar to those in Mattel games and include Space Attack, Big League Baseball, Frogs & Flies, Astroblast and Armor Ambush. The Atari software packages will also feature blind rebates, noted Hoag.

Environmentalists nix Clean Air Act changes

(Continued from page 79) evidence showing there really is a serious threat.

"But we're saying that they've got to have studies to prove it," she said.

The Clean Air Act amendments, however, are in trouble in Congress because of environmentalist opposition.

"The Clean Air Act is faltering badly, and the profits of doom say it's dead," O'Banion said. "But we've got to have this bill—we're like the left ear lobe of the horse."

O'Banion said she believes the measure will be approved by the House, but its future in the Senate is in more serious jeopardy.

Sen. Robert T. Stafford, R-VT, chairs the key committee involved in the issue and is reportedly strongly opposed to the changes in the Clean Air Act sought by business.

Also working against proponents of the measure is the calendar.

Congress will be seeking to adjourn early this year because every House seat and one third of the Senate will be up for re-election. The majority of the time until then will be spent wrestling with the budget and the economy. Consequently, as the election draws closer, chances of approval of such controversial bills as Clean Air Act amendments become more remote.

Voice synthesis add-ons, retailing for around \$75 from Mattel and \$99 for the Odyssey² console, could also be a factor this year.

Mattel is stressing action games, while Odyssey² has targeted learning enhancement.

"Voice synthesis will be a tremendously important factor," said Odyssey²'s Michaelson. "With it we are truly interactive—there are all kinds of learning possibilities."

Voice software for both systems will carry a small premium.

Activision stresses StarMaster

The all-time best seller for Activision has been Laser Blast, which allows gamesters to assume the part of the alien. Grand Prix and Barnstorming are also among its top

games currently. But Levy predicted that StarMaster, now shipping, "will be the number one cartridge in the business besides Pac-Man" this year.

Nine Atari and 12 Mattel compatible cartridges from Coleco have been scheduled for a Christmas season debut. Weighted toward arcade titles, they include Venture, Mouse Trap, Cosmic Avenger and Donkey Kong. A Smurfs cartridge, based on the popular cartoon, has also been licensed.

And there will be 12 to 18 cartridges for ColecoVision. This new videogame system will retail between \$160 and \$190. The 24 cartridges planned so far include 10 non-arcade titles, among them Fidelity chess challenger, sports, gambling and fantasy games.

Consider deductible changes to cut premiums

(Continued from page 89)

a payout," Sinnott agreed. "He could look at his coverage and say, 'This little piece I can handle myself.'"

In order to determine what coverage is optional—as opposed to what must be considered essential to protect the company—Holbrook offered the following checklist:

- What are the company's potential losses?
- How much money does your company stand to lose from each potential?
- Do current policies cover these exposures sufficiently?
- What existing exposures can be reduced or eliminated?
- What has been the company's loss history?
- How competitive is the cost of coverage?
- What is the claim-handling reputation of your present or proposed insurers?

"If any item could severely impair the company financially, the risk must be transferred to the insurance

company," Sinnott warned.

Holbrook advised retailers to study their deductibles to see if a change could be made that could help cut premiums.

"For example, increasing the deductible on a fire insurance policy on a million-dollar warehouse from \$500 to one percent of the value (\$10,000) can result in premium savings," he said. "If your company's loss record is better than your industry's average, a competent broker can help you reduce premiums through a 'loss sensitive' program."

Sinnott added, "The deductible should be set to your financial ability to retain loss—not the peril."

Holbrook also suggested that retailers should also look into purchasing an insurance "package" that contains several coverages in one policy.

"Often this provides a discounted rate," he said, "avoids the risks of potential gaps in coverage, which could result in substantial losses, and avoids duplicate coverages, which only add to the cost of insurance premiums."

75th ANNIVERSARY **A GRALLA PUBLICATION** **Merchandising** JUNE 1982

THE NATIONAL MAGAZINE FOR ELECTRONICS ■ HOUSEWARES ■ MAJOR APPLIANCE RETAILERS



Vendors Rip the Wraps Off Product Surprises at CES COMPONENT VIDEO, CAR STEREO HOME COMPUTERS STEAL SHOW

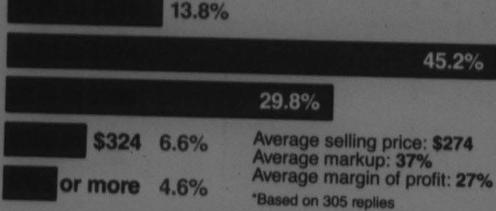
CHICAGO—Parading new technology before the nation's electronics retailers, manufacturers unveil a flat screen TV, emphasize remote controls, show phones that think and aim new software at games, VCR's, disc players and computers.

Raise money at low rates for your store

A new column by financial correspondent Allen Fishman tells retailers how to beat the high cost of financing by knowing what lenders and investors are looking for on any application.

Average microwave oven profit margin is 27% report retailers representing 5,248 stores

Q. If you were to pay \$200 for a microwave oven (inventory), how much would you sell it for in your store?*



Courtesy: MITRE Corp.

Retailers struggle to keep up with new videogame products

Tough decisions must be made about what to carry as a burgeoning industry gets competitively hot

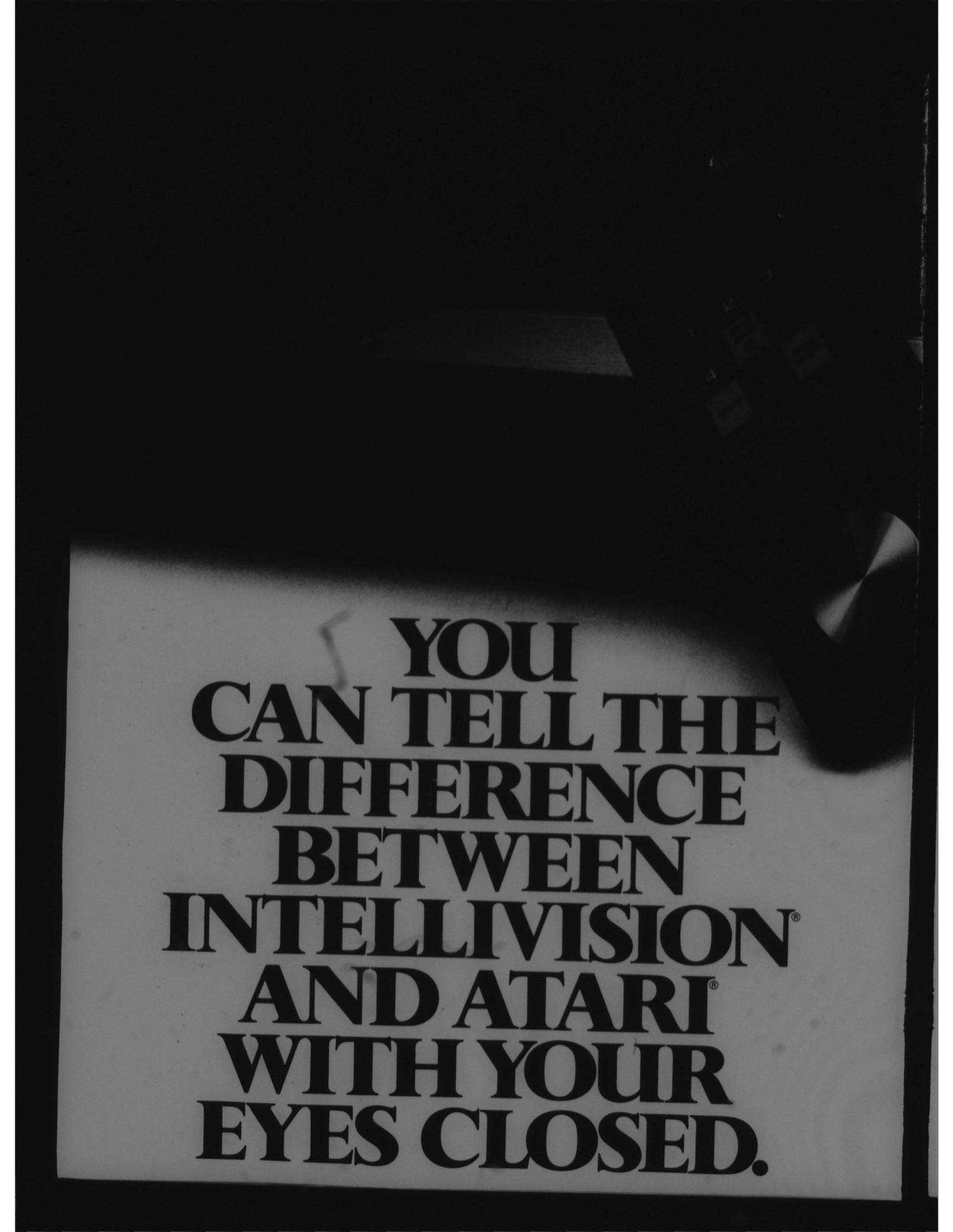
INADEQUATE WINDOWS HURT PRERECORDED VIDEO SALES AS PAY TV PICKS UP STEAM

Car Stereo Retailers Say The Installation Business Is Booming

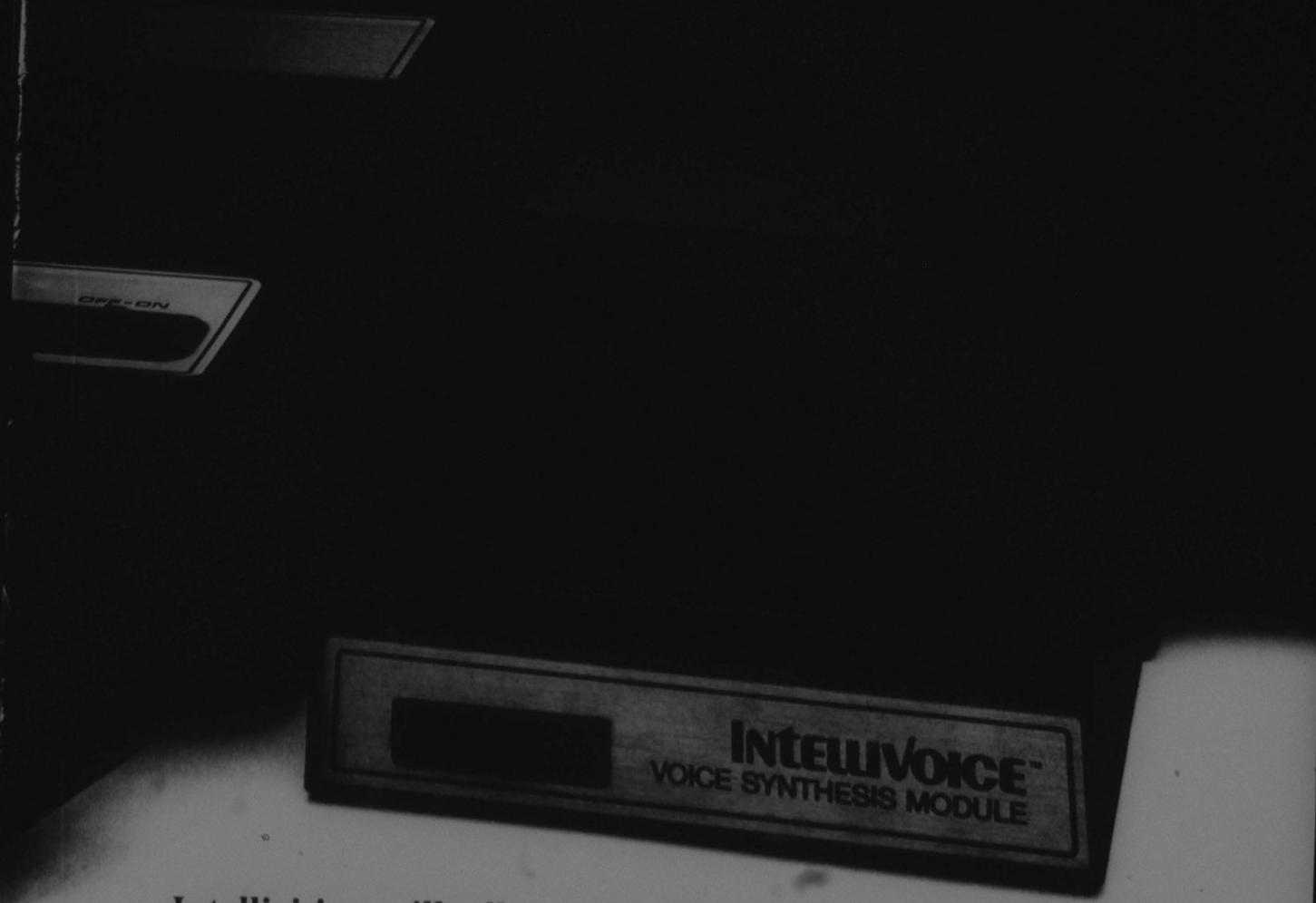
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TRENDINGS IN PERSONAL ELECTRONICS



William Abramson

Experts anticipate patterns of self-contained game sales

Selling stand-alone electronic games is a lot like playing Pac-Man—the experts anticipate the patterns.

While others react hesitantly to the latest trends, these retailers think ahead and sell through to big profits. By Summer CES, they have already planned most of their strategies, and continue on their ways through this year's maze.

What all electronic game retailers must realize is that they are not dealing with a fad item. The arcade

game, the videogame, the stand-alone game and to some extent the home computer are aspects of a new hobby that will at least rival stamp collecting, states Arnie Katz, editor of Electronic Games, a consumer magazine.

Stand-alone games remain a seasonal market, though, with this year's winners often becoming dead inventory after Christmas. On the bright side, marginal suppliers have long since departed, and the newer games from Bandai, Tiger, Mattel,

Coleco, Entex, Epoch and others offer superior play value.

Look for arcade action

Which ones will be winners? The hottest trend has been to offer arcade-style action, with less stress on sports games this year. Some games retail from \$50 to close to \$100, though, and this could be a factor in sell-through.

Retailers should therefore look for higher-priced products that have good play value and are backed up with manufacturer advertising. In addition, licensed game's comparative success in the arcades could provide a good indication of its retail potential.

Not only arcade games, of course, but all higher-ticket items must deliver enough action to both justify their prices and compete with videogames. And as electronic games become more of a hobby, more consumers can be categorized as sophisticated.

Meanwhile, many retailers have given in to the temptation of stocking fewer sku's each year and cutting the prices of the remaining "hot" games in order to build traffic. Some should rethink this strategy.

Why not offer price point variety? The country is in a severe recession, and not everybody can afford to buy a \$65 toy. And while portability helps to sell all self-contained games, some of the smaller, less-costly ones can be more easily played on a bus or in a car.

Besides arcade-licensed and action games, other types also offer sales potential. Parker Brothers offers Master Merlin and Monopoly Playmaster, for instance, while chess, learning aids and fantasy games also are available from several suppliers.

Merchandising can be troublesome

Aside from keeping an open mind and buying "smart," the nagging question of where and how to merchandise these games remains important. One leading department store, for instance, has decided to cut back partly because "there is not a lot of kids traffic in the television department."

Other buyers have found that this problem can be turned into an advantage, however. Since stand-alones, videogames and to a great extent home computers all appeal to the electronic game hobbyist, they reason, why not create a complete department that appeals to this market?

The electronic game hobbyist is interested in more than just the lowest price. He looks for selection, and counts on a store being in stock. A liberal return policy also helps to maintain margins, states another leading department store chain's personal electronics buyer.

The department with the best chance of scoring big with electronic gamers this year and in the future should, first of all, stock as much videogame hardware and software as open-to-buy will allow. When possible, pick what you think will be the top three systems and plan on at least 100 cartridges. That's where most of the profits in electronic games will be this year.

Having gone that far, it also pays to invest in what you feel will be the hot stand-alone games. Besides these half-dozen or dozen sku's there also exists a secondary market that can, like many videogame cartridges, be stocked in lighter depth.

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NEWSLINES

VIDEO

SCOTTSDALE, AZ—Sony introduced the Watchman, a flat pocket TV, at its National Convention in Scottsdale, AZ. The unit, which sports a two-in. picture tube and weighs one lb., three oz., is expected to go

on sale in the U.S. in September.

Sony chairman Akio Morita commented that in the long term, the Watchman itself "may not mean much, but the flat screen does. This is the first step toward a flat color TV," he said. The flat display tube used in the set measures 5 1/8 in. thick. It locates the electron gun underneath the screen and parallel to it, resulting in the thin design.

In other news, Morita noted that "Betamax is on the move. We are a strong tree. We have weathered the video format storm." He said that 33 percent of the VCR's in the U.S. are



Sony shows the Watchman

now Beta format. Morita added that Sony would continue to hold its position on the videodisc—that the system should take root in the industrial,

educational and business markets before being launched as a consumer product.

When asked about the universal format for the combination video camera/recorder, he said that discussions were reaching a final stage—although a decision might still be a year or more away. Sony also announced that it was not yet ready to introduce a stereo VCR in the U.S.

Looking at sales, Joe Lagore, president of Sony Consumer Products Co., said VCR projections for the total U.S. market had been dropped from 2.2 to two million units this year. He projected that color TV sales would "top 11 million units." Meanwhile, Sony was, at that point, 10 percent ahead of last year's sales and expected to increase that lead as the year wore on by implementing "very aggressive" marketing procedures.

NEW YORK—Cy Leslie has been named chairman and chief executive officer of the newly created MGM/UA Home Entertainment Group.

He will be responsible for the acquisition, marketing and distribution of all home entertainment products for the MGM and United Artists film libraries. These include videotapes, videodisks, cable, non-theatrical uses, recorded music and publishing.

Joining Leslie, who was previously president of CBS Video Enterprises (CVE) will be Myron Hyman, president of MGM/UA Home Video Division. He was formerly executive vice president of CVE. Peter Kuyper will continue as president of the MGM/UA Ancillary Rights Division. The company will be located at 1700 Broadway, New York City.

NEW YORK—"1981 was one of the most difficult years in RCA's history," Thorton Bradshaw, chairman and chief executive officer, told the annual shareholders meeting last month. He cited the turbulence in top management, the decline of several of RCA's key businesses and the diversification program as the major reasons.

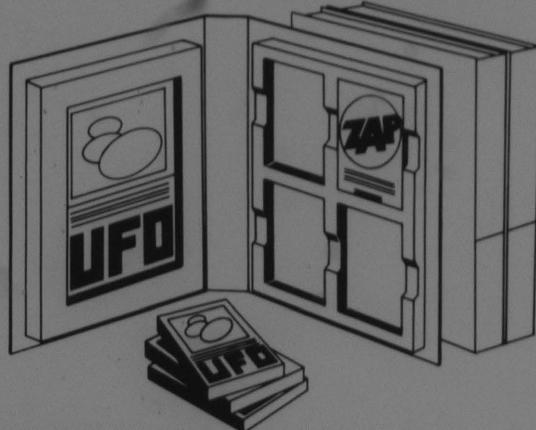
Bradshaw went on to assure the shareholders that this year RCA will be getting back to its roots—the electronics and communications industries—and that the company will try to divest itself of other interests such as Coronet and Hertz. After studying the situation, Bradshaw said, "We have a strategic concept of what the future holds for the markets that our industry serves."

"Our first conclusion is that the electronics and entertainment industry is poised for the

(Continued on page 44)

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NEWSLINES



(Continued from page 42)
greatest growth era in history," he said. "All the new electronic media and services—communications satellites, videocassettes, videodiscs, teletext, cable, videogames—are even

now beginning to shift consumer viewing and spending habits. And this shift in viewing and spending will accelerate. RCA is ideally positioned to participate in these markets."

Bradshaw predicted that by 1990, the total video market will generate \$70 billion in revenues.

With only a slight reference made to videodiscs, Bradshaw reported that "while player sales did not reach initial expectations, sales of the discs have far exceeded even the most optimistic projections. In fact, consumers are buying videodiscs at the rate of 30 albums a year."

He added that annual disc capacity has increased and that he expects to have about 400 titles available from RCA and other CED catalogs. One shareholder commented that the videodisc "was a flop and would always be one until RCA started pressing R- and X-rated videodiscs." Bradshaw did not respond.

TARPON SPRINGS, FL—Panasonic is delaying its introduction of the VHD videodisc player until market conditions improve.

According to Masaharu Matsushita, president of Matsu-

shita Electric, parent company of Panasonic, the current status of videocassette recorder sales, the slow movement of the other two videodisc formats and the recession throughout the world were three factors in the decision to delay the videodisc.

However, he added, "I am not in the position to say when the launch would be." In fact, Matsushita implied that the player could indeed be at the Summer CES.

Matsushita also told the small press group attending the annual Panasonic sales meeting that his company is actively involved in the development of the 8mm video unit (Micro Video) and even though a

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Matsushita stalls VHD launch

standardization group has been formed and discussions are proceeding, no agreement on a format is expected this year. He said that the product would probably not be introduced until two or three years after an agreement is reached.

Panasonic Consumer Electronics achieved \$1.6 billion in sales last year and Matsushita has set a sales goal of \$2 billion for this year. Already in 1982, according to Ray Gates, president of Panasonic, the firm is up 10 percent for the first quarter. In fact, he told the 800-some attendees that sales were up 23 percent in the month of April and he predicted they should have increased 12 to 14 percent for the first six months of the year.

Although there was no increase in VCR sales in the first few months, due to low inventory levels, VCR sales rose about 50 percent in April, after new merchandise arrived. Color television sales were up 100 percent for the first quarter, while black and white sales dropped.

Matsushita reported that of the firm's three U.S. companies, Panasonic, Quasar and MIC (Matsushita Industrial Co.), Panasonic brings in 75 percent of the business. However, he did say, that "MIC and Quasar have improved their productivity and, therefore, I am expecting greater improvement this year."

(Continued on page 46)

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"If you're interested in an inexpensive video game, compare: Odyssey² has better hand controllers . . . Odyssey² comes with an alphanumeric keyboard . . ." (GAMES, Nov./Dec. 1980)

**WHAT THE EXPERTS SAY ABOUT
ODYSSEY² GAME CARTRIDGES:**

"The SPEEDWAY/SPIN-OUT/CRYPTO-LOGIC game comes packed with the Odyssey² and is a good showcase for the machine's capabilities. The trio of contests provides a pleasing variety of action well calculated to whet the arcade addict's appetite for more." (VIDEO, Jan. 1980)

"QUEST FOR THE RINGS is a giant step ahead of other video games in richness and complexity." (ELECTRONIC GAMES, Winter 1981)

UFO, rated best science fiction game in VIDEO Magazine's 3rd Annual Arcade Awards: "Odyssey² designers have always had a special affinity for science fiction themes, and this cartridge is definitely one of their greatest triumphs."

(VIDEO, Jan. 1982)

"Odyssey² has capitalized on the flexibility of keyboard input to introduce true programmability to games. . . That's right, arcaders can custom-design their own mazes!" (ELECTRONIC GAMES, Winter 1981)

"ALIEN INVADERS-PLUS is the most difficult video game I have ever encountered—bar none, and that includes the larger and sometimes more sophisticated games . . . ALIEN INVADERS-PLUS gets this reviewer's unqualified nomination for the most captivating video game around." (VIDEO ACTION, June 1981)

"Among Odyssey²'s special features are, to put it simply, an incredible number and variety of games!" (WHERE, Dec. 6, 1980)

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Merchandising

1980 PERSONAL ELECTRONICS

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Look for unique videogames, advise dealers and suppliers

By William Silverman, sr. assoc. ed.

NEW YORK—Despite this year's projected doubling of videogame cartridge sales, from 30 million units to 60 million, maximizing profits demands more retail expertise than ever.

With several new hardware systems and as many as 10 new software suppliers expected to debut before Christmas, retailers must buy right and stock up on the better items, according to suppliers, dealers and distributors.

"Retailers don't pick games," said Astrocade president Ray George. "The consumer picks them, and the retailer needs to tune in to and take his cue from the patterns of consumer selection."

"One good indicator is the consistently high rate of activity on certain coin-op machines in comparison with those receiving fewer quarters," he said.

For some leading department stores, the answer has been to increase their commitment to the category. The Broadway in Los Angeles, for instance, sells Atari, Mattel and Odyssey systems, and will increase cartridge selection from 50 to 90 pieces, said personal electronics buyer Donald Kapicka. The cartridges face outward from four shelves of a glass cabinet occupying six to eight running feet of floor space.

Marketplace 'going crazy'

"The marketplace is going crazy," commented Kapicka. "Videogames sell year-round," he added, stressing the importance of having the systems hooked up and playable.

"It appears that retailers will stock as many as three systems and cartridges," stated Coleco Industries vice president Michael Katz. "They should stock the systems that have done well, that have proven demand, and new systems that promise to be better and different. They should not sell me-too product, with no advertising."

Some industry sources expect the new Colecovision system to provide the Atari Supergame with strong competition when both debut soon. Coleco will ship nine cartridges for ColecoVision in July along with Donkey Kong, Venture and Carnival for the Atari VCS and Donkey Kong for Mattel Intellivision. More Coleco carts for all three systems will be available later this year.

Mattel's M Network division will have four Atari-compatible cartridges out by July, and 12 by Christmas. Other suppliers for the Atari system include Tiger Electronic Toys (five titles at CES), U.S. Games (recently sold to The Quaker Oats Co.) and CBS's Gabriel subsidiary (armed with a four-year licensing agreement with Bally-Midway). Games by Apollo, Imagic, Parker Bros., and, of course, Activision also are making games for the Atari VCS.

Besides the new Atari model and the one from Coleco, new systems from Commodore, Emerson and Tryom also are due soon. And in mid-1983, Odyssey³ will debut, with the capability of being a home terminal, according to David Arganbright, vice president and general manager for the product line.

Overall market penetration right now is probably under 10 percent, and no one knows just how high the potential is. But while saturation is not an immediate problem, danger could loom ahead, said Norman Ricken, president of Toys 'R' Us.

"Proliferation is a potential problem. That's where experience and knowledge and information systems will pay off," he commented. "We will continue to watch the market and be sensitive to it. We all saw what happened with the over-proliferation of handhelds in 1980."

Handhelds were not glutted until there were over 250 pieces on the market, countered Parker Brothers director of marketing Richard Sterns. In 1982, there will be roughly 100 cartridges for Atari, about double last year, with further increases in 1983, he pointed out.

That year "will be a strong year but will start to get very competitive in software," he continued. "A significant number will not sell well and will potentially cause inventory problems and a trade backlash."

He cautioned retailers against overstocking generic titles without strong backup.

Testing new lines

The Bloomingdale's chain plans to stock some of the new companies' titles lightly before giving the successful ones to all branch stores. "To take on the full line is foolish when we don't know how good the play value is," said assistant buyer Gordon Kahn.

Like some other buyers, he believes that Coleco's Donkey Kong is a sure hit, despite this being such a "tricky" business. For now, he is satisfied with selling only Atari and Mattel hardware.

For Toys by Roy in Mesquite, TX, one strategy is to "see which Atari cartridges aren't selling, and keep only one or two" by relying on



STOCK SOFTWARE CAREFULLY in the face of possible over proliferation, many retailers are warning.

jobbers. It has picked up several new sources, with arcade spinoffs the most popular games, said assistant manager Brian Vining.

As for price, "demand will still be there for the new ones," he said. "There is no reason to drop the price."

While most sources contacted agreed that software remains profitable, some cracks in the wall could be appearing.

According to one New York-area wholesaler, "All the retailers give it away. The nature of the toy business is that the hot ones become giveaways and traffic builders. Nowadays, the cost of doing business is prohibitive, but people are still giving it away."

In fact, Lewis Polk, owner of Polk's Aristocraft here, has abandoned the videogame business entirely. Software as well as hardware has become a loss leader that electronics and photography retailers use to get people into the store, he complained.

Meanwhile, the expansion of distribution channels continues. For instance, one of the prime objectives of Odyssey is to sell through record, drug and food chains, and other outlets, vice president Jerry Michaelson told a press gathering recently. Other suppliers have also started down this road.



MORE "SURE HIT" TITLES, including Defender, will be introduced this year by videogame leader Atari. As the popularity of videogames continues to grow, more companies have debuted VCS-compatible cartridges.

Personal computer market barely tapped, says Apple exec

By Debbie Rosenblum, field editor
CHICAGO—The two million people who presently own personal computer systems represent less than 1½ percent of the international market.

Clearly, that market has barely been tapped, noted Mike Markkula, president and chief executive officer, Apple Computer, and it will probably remain unsaturated until the early 1990s.

Speaking at a recent Chicago Science Analysts meeting, Markkula said, "We see the total marketplace consisting of about 140 million customers around the world. So we've got 138 million personal computers left to sell."

But because it takes, he continued, about four hours to educate the consumer to the benefits of owning a system, the market will remain unsaturated until the early 1990s.

At that time, Markkula predicted, "New products will be introduced at such a rate that the annual turnover in units will be between 10 million and 20 million systems. The personal computer industry will look almost like the television business."

Right now, the market consists of four major segments. "The largest segment by far is the business community—the Fortune 500 companies, professional and managerial purchasers as well as proprietorships. That's about 35 percent of the business," he pointed out.

Markkula continued, "The educational institution segment is about 25 percent and home and hobby accounts for 15 percent. The balance is split between the industrial and scientific communities."

Market will grow

Apple executives believe that IBM's recent entry into the personal computer field will spur market development. "We feel strongly that the entry of companies like IBM will add credibility to the business and cause the marketplace to grow at a more rapid pace," Markkula remarked.

However, Apple intends to make sure it and its dealers get a fair share of that growth, he stated. One way the company plans to accomplish this goal is through new product introductions.

Noted Markkula, "One of the things we think is limiting the growth rate of the marketplace is the fact that it takes each person who buys one of our machines about 20 hours to learn how to use it."

"We don't think that's acceptable," he continued. "We don't believe those 138 million people, or even a large proportion of them, are willing to invest 20 hours to learn how

to work a personal computer."

Consequently, he added, over the past 2½ years, Apple has been "developing new products which are directed specifically to reducing that learning time from 20 hours to less than 20 minutes."

These include "major revolutionary software developments" and hardware which reduces one's "dependence on the use of a keyboard to interact with the machine."

Pricing will play a large part in turning systems as well. Explained Markkula, "We feel very strongly that as the marketplace matures, people will become more and more

sensitive to the ratio of price to performance. They will ask, 'How much computing utility can I buy for the dollars I spend?'"

For this reason, he continued, "We want to be the company which offers the greatest computing value for the dollar—not necessarily the low-price spread nor the high-price spread. We're interested in the one-person, one-machine, most performance for the price."

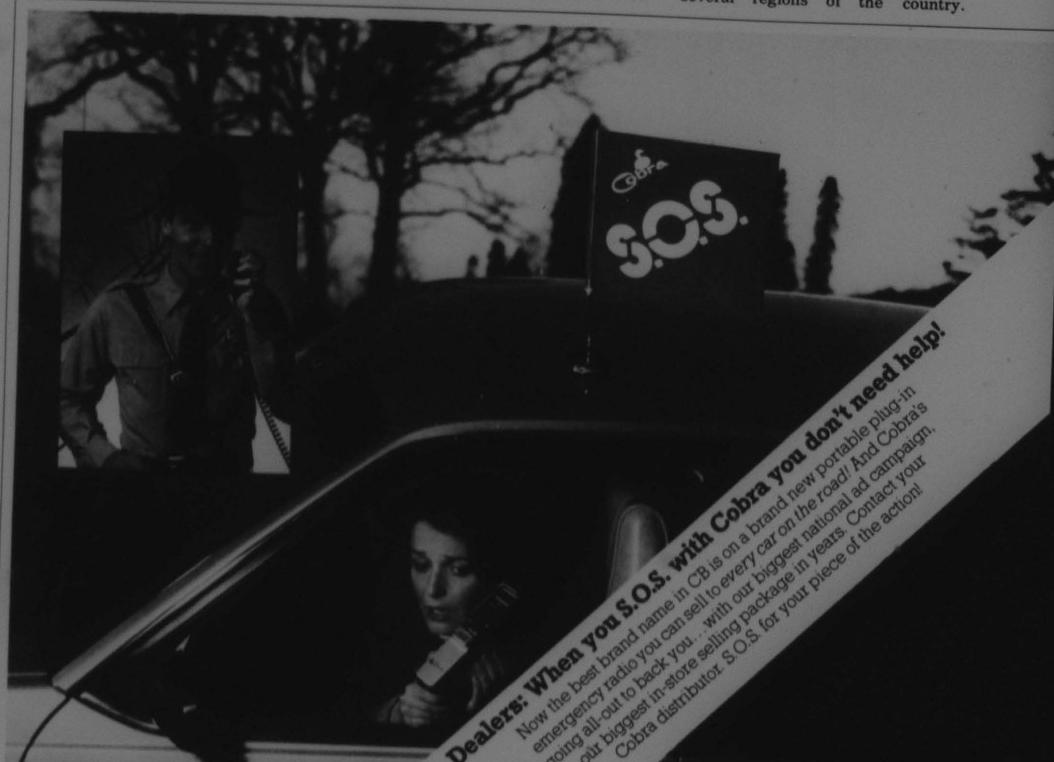
Distribution channels expand

Another way Apple plans to get a greater slice of the pie is through expanded distribution channels. "We

don't feel the ability of each dealer to increase his total amount of business is sufficient to cope with the projected market growth over the next few years," Markkula said.

As a result, "We are adding supplementary distribution channels such as department stores," he reported. (A test marketing effort is currently being conducted at Macy's in San Francisco.) But the firm presently has no plans to open its own retail stores.

At the same time, to better accommodate all its retailers, Apple is establishing warehousing sites in several regions of the country.



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138 MILLION personal computers are still to be sold before market saturation is reached, says Mike Markkula, president and chief executive officer, Apple.

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\$3,000 TO \$10,000 is the price range of the 12 computer systems stocked in Macy's new department. A 1,200-sq.-ft. area houses the selection. Separate cubicles are signed to pinpoint specific applications.

PERSONAL ELECTRONICS

Macy's targets businessmen in new computer department

By Pamela Golden, sr. assoc. ed.

SAN FRANCISCO—Twelve different computer systems retailing from \$3,000 to \$10,000, geared to small businessmen and corporate middle management, can now be found at Macy's Electronics World.

Opened in March in the Union Square store, the 1,200-sq.-ft. department is divided into cubicles, one for each computer system offered to allow easier hands-on contact. In addition, each section is signed for specific applications—accounting,

analysis or education, for example—to better pinpoint the customers' needs.

To get consumers into the store, an on-going mail campaign was begun to target potential buyers. In total, 200,000 brochures will be sent out. Some of these will be repeat mailings to reinforce buyers' initial interest.

Once the customer is in the store a trained sales staff does the rest. Free pre-purchase and post-purchase seminars on the systems are being conducted by salespeople and manufacturers' reps in a special "classroom."

Backing up the purchases is Macy's own service department. The store has also set up a special computer hotline to answer customers' questions immediately.

Identify the customer

The computer department is targeted at a specific customer—the small businessman or corporate middle management person—because the products are high-ticket items, explained Peter Weil, administrator for video.

Before the department even opened, he pointed out, "We had to decide who our customers were and how the product would fit their needs. We saw there was a void in the business computer field, that there was a customer out there we could attract."

There are three types of customers, Weil continued. At one end is the person who really understands the technology, with the customer who is totally afraid of computers at the other. In the middle is the customer who needs his hand held and wants a friendly environment that makes him feel at ease while he's shopping.

"We are a fashion-forward retailer as well as the largest consumer electronics department store in the U.S.," Weil noted. "We carry an array of products that are functional, exciting and state of the art, so quality computers fit right into our requirements." Because Macy's wants "to be as good as a specialty computer store," Weil said, it is making the very large investment this endeavor requires so it can satisfy every customer's need.

Display 12 systems

The 12 systems on display are from Xerox, Apple, Osborne and Micropak, and range in price from \$3,000 for a low-end Osborne to \$10,000 for a fully configured Apple III.

So that customers can test the computers in private, each system is located in a separate cubicle. The computers have been programmed for different needs and are signed accordingly—accounting, filing, word processing, graphics, education, attaching computing, analysis, communications and entertainment.

In addition, there are other business-oriented programs available under the categories of spread sheets and graphics. A family system, the Apple II Plus is set up and there is also a books and accessories display area.

To let the public know about these offerings, 200,000 mailings are being sent out to potential customers over

(Continued on page 78)

THE END OF THE DUMB PHONE.



We're the first to admit that a telephone system that lets you talk with loved ones, or conduct business, all over the world is an amazing achievement.

But let's face it, the phone itself is a little dumb around the edges. It hasn't kept pace with the times or your lifestyle.

That's why we're also the first to talk about our own amazing achievement. We're Phone-Mate. And we've come up with an entire family of smart phones and smart answering machines that'll make life a lot easier for lots of smart people.

Our versatile new Phone-Mate RoomPhone family is the smart way to take, make, and even screen your calls from any point in your home or

1982 Phone-Mate Inc.

yard. (So you can finally cut the cord between you and that lovable institution they call Ma.)

And our advanced business answering machines are equipped with our exclusive Telelogic® Microcomputer, preprogrammed to put more smarts into just about every telephone related aspect of your business.

In fact, there's a new Phone-Mate solution to just about every problem your dumb phone ever had. Amazing, right?

Not really, just smart.

PHONE-MATE

We're talking smart.

Come see us at CES Booth #1903, McCormick Place.

MERCHANDISING

NEWSLINES

PERSONAL ELECTRONICS

123QS



TI's Turner exults

TORRANCE, CA—Cordless telephone retailers will soon have the chance to help lower Radio Shack's estimated 51 percent share of market. According to Phone-Mate, Radio Shack also owns 28 percent of telephone answerer sales, based on independent telephone and direct mail surveys of over 300,000 U.S. households. "Phone-Mate retailers will soon be provided with brightly colored 'Better Phone Store' displays to attract consumer attention," said vice president of marketing and sales Robert Petkun. "The displays will hold 'Better Cordless Phones,' 'Better Phones,' and 'Better Business Answerers,' and will show the emotions of 'no more dumb cord' and 'no more dumb phone calls' with brightly colored, real-life pictures," he continued. Retailers have a much higher level of visitation than Phone Centers, he added. Their ability to close telephone sales will therefore be affected by their product selection and display. Advertise to an upscale market, Petkun advised. Research shows 65 percent of cordless phone customers are over 40 years old, while 54 percent have incomes above \$35,000. Phone-Mate recently introduced two new handsets, bringing to five the number in the RoamPhone line. "As the cordless market gets bigger and bigger," Petkun promised, "Phone-Mate RoamPhones will keep getting smarter and smarter."

SCOTTSDALE, AZ—Sony will introduce a complete line of phone products within a year, according to a company spokesman. A cordless model was unveiled at the firm's recent National Convention in Scottsdale, AZ. (See new product on page 80.) A telephone answering device was introduced last year. "We believe that consumers in the U.S. are getting ready to move into this market," said the spokesman. "We expect the business to expand considerably in the next few years." Asked about Sony's possible involvement in personal computers, chairman Akio Morita replied that the company is "interested." He pointed out, "We have all the necessary technology. Some of it is used in our televisions." Then, late last month, Sony introduced a \$1,475 unit for use in business. With discs, a monitor and a printer, the unit will sell for about \$3,750 this fall.

LUBBOCK, TX—A tremendous retail sales surge for home computers has begun, according to Texas Instruments. About 150,000 lower-cost (\$250 to \$500) micros were purchased for home use in 1981. The figure for this year will approach 800,000, predicted group marketing manager Bill Turner. The "typical" purchaser is male, 31 to 40 years old and has a college degree. He has an annual household income of \$30,000 and has three to four members in his family, Turner stated. Computers become more of a mass market item every month, though. "Consumers are now ready for the next-step home electronics video product—the home computer." Turner said that the number of TI outlets has increased from 2,000 last fall to 8,000 this month. Reasons he cited: the TI 99/4A offers 16K RAM and 26K ROM memory; the cost to dealers recently dropped from \$340 to \$295, while the suggested retail has been lowered from \$525 to \$450; the TI software numbers 110 titles, with 60 available in easy-to-use solid-state modules, and the 99/4A combines electronic game capabilities with home financial management, education and data base access.

WESTBURY, NY—Telecommunications will provide phenomenal growth opportunities for retailers through the 1980's, according to Mura Corp. chairman Mort David. "In 1981, an estimated 500,000 cordless telephone systems were sold in the United States," he stated. "Mura is forecasting an additional 50 percent growth in 1982 to 750,000 units—making it a \$75 million industry at wholesale." According to David, the future of the corded telephone market is even stronger. "Three million units will be sold by the end of this year, pushing the market into the range of \$90 million at wholesale. The fact to bear in mind is that these are product areas that hardly existed five years ago," he added. Pointing to the consumer electronics industry as a whole, he said, "We are at a point where the overall growth rate is around 25 percent, but at any given time 70 percent of the market is shrinking. Certain segments of this industry are now in a constant state of recession, while other, newer segments are booming."



Coleco promotes arcade games

HARTFORD, CT—Coleco Industries' commercials for its portable arcade games "are creating strong and immediate awareness," said Michael Katz, vice president of marketing services. "The recall levels generated by our Pac-Man commercial and the subsequent retail movement of the game have been greater than our expectations." Spots for Midway Pac-Man and Galaxian replicas are currently running in selected markets. Both the fact that the scaled-down games reproduce the authentic action and the portability theme are stressed. A third "family" commercial, slated for airing in the third quarter, shows off Pac-Man, Galaxian, Donkey Kong and Frogger. In addition, a series of 10-second identification spots on Pac-Man will be run.

NEW YORK—The debut of three new low-cost Commodore microcomputers was announced to security analysts at a recent luncheon meeting. The first model is a full-color, 40-column computer with 128K of RAM capable of storing up to 128,000 bytes of information. The second is an 80-column computer with attached video monitor. It has 128K of RAM plus built-in dual floppy disc drives with an additional 340K of storage capacity. Third is an 80-column, 16-bit multiprocessor microcomputer with attached video monitor and 256K of RAM memory, plus built-in floppy dual disc drives with 680K bytes of storage capacity. Chairman of the board Irving Gould noted that while the exact prices for all three microcomputers will be announced in approximately one month, "the two 128K personal computers will be priced at less than half the price of any similarly configured personal computers now on the market with comparable built-in memory." Too, the 256K 16-bit multiprocessor computer "will be far less expensive than similarly configured personal computers currently available with one-quarter to one-half the built-in memory of the Commodore 256K personal computer." The new computers will be shipped starting in September.



Imagic invades Macy's

SAN FRANCISCO—Imagic's entry into the videogame marketplace got off to a fast start recently when its first products were featured in promotions by the San Francisco branch of Macy's California. The games—Star Voyager, Demon Attack and Trick Shot—were displayed in the main showcase window of the Union Square department store and received featured billing in Macy's weekend newspaper supplement. "The initial acceptance of the Imagic games has been great," said Kathy Swinbank, a buyer for the giant retail firm. The games are for the Atari system, but Mattel-compatible cartridges will be shown at the June CES. The videogames are now becoming available throughout the U.S. in department stores, national chain stores, catalog showrooms, mass merchandisers, video specialty stores and major drug stores.

PERSONAL ELECTRONICS

Parallel early growth of home computers to 35mm camera: CompuShop's Winger

By William Silverman, sr. assoc. ed.

DALLAS—When can electronics retailers expect to start selling large numbers of personal computers? One clue can be found by examining the early market for the 35mm camera.

That view was expressed by Warren Winger, chairman of CompuShop. His five-year-old, 15-store chain sold more than \$10 million worth of Apple and Atari computers last year.

"I think cameras present a closer analogy than perhaps any other product," Winger said during an interview at corporate headquarters. "The 35mm camera existed quite some time before it became significant to non-specialty stores. It now appears there in its most basic form—lower end, easy to use."

"The camera has always been fairly complex," the 39-year-old entrepreneur added. "Using it properly is a matter of learning, and you can spend a lifetime."

"The acceptance of computers might not be there yet," Winger said. Like with SLR cameras, "Manufacturer advertising is the impetus. Generally speaking the market is not developed."

Then, is there a place for the non-specialist? "That's a tough question—sure there is," he added.

In recent months advertising has increased and prices have often come down. Although Winger will not say when, he believes "As many or more people will own computers as 35mm cameras. It is one of the fastest growing products in a long time."

Consumers will look to personal computers for a combination of utility and entertainment, he added. The installed base now hovers around one million units, and realization of even one-half of the 90-million-home potential market would represent a phenomenon rivaling that of color television.

An under-\$1,000 price point appeals to the mass market, he continued. "The VCR is a good indication you can sell \$1,000 products."

Before starting CompuShop, one of the first personal computer specialty chains, Winger spent five years with General Electric Information Services marketing and time sharing departments.

For five years before that he was a financial analyst with one of the nation's largest retail companies, Genesco. Its operations include Johnston & Murphy shoe stores and Bonwit Teller apparel outlets.

Retailing lessons applied

"I tried to learn things from the other retail businesses," Winger said. "I have tried to operate CompuShop the same way because it is still retailing; it is not different just because it is computers."

By 1981, the \$10-million company had five stores in Houston, six in the Dallas-Fort Worth area and four in Chicago. With the addition of 10 stores in those markets this year, projected sales could reach \$20 million.

Reasons for this success include location, advertising, experience and computerized stock-keeping.

"Our average gross margin (between 30 and 35 percent) is probably

higher than all our competitors," Winger said.

One reason customers choose CompuShop is convenient location. Ads list all stores in the area. In addition, except for one downtown location, the stores are located in strip centers on heavily traveled streets for high visibility.

The "ideal" unit of roughly 2,400 sq. ft. stands on a traffic pattern between a bedroom community and a business area. CompuShop rejects mall locations because "people don't

end up in computer stores just because they are shopping in other stores. They go because they decided to go."

A product- and price-oriented advertising approach stresses local newspapers. "We don't attempt to tell the customer what he will use the computer for. There is no lengthy copy," Winger said.

"The presumption is that the buyer already knows why he ought to buy. That's the manufacturer's job," he

(Continued on page 78)



HOME COMPUTERS will become as pervasive as 35mm cameras, predicts Warren Winger, chairman of CompuShop. Similarities will also emerge in distribution, he predicts.

Timex exhibits leadership

Timex, America's leading watch and clock line, and our all new personal computer product line, invites you to visit our exhibit at the Consumer Electronics Show. At booth #3400 on the lower level of McCormick Place, Chicago, you'll see how Timex makes technology beautiful...and profitable.

TIMEX

Visit the leader at Booth 3400 at the Consumer Electronics Show in Chicago.

PERSONAL ELECTRONICS

Backing up business customers helps Xerox sell computers

By Marilyn Nason, contributing editor

SMYRNA, GA—"A volcano about to erupt..." That's how Marty Lott, manager of the Xerox store in this Atlanta suburb, describes the computer business.

"No small business will be able to survive without a computer" within five years, he predicted. "It will simply be economically impossible to operate manually by then."

His store, the first Xerox outlet in the Southeast, opened April 1981. Since then, two more Atlanta-area units have opened, all catering to both the small entrepreneur and the larger company. All three stores are located in strip shopping centers with about 3,000 sq. ft. of selling, office and demonstration space.

How have the Xerox stores achieved a solid foothold in this burgeoning market? Lott explained.

- Applications selling relates equipment to specific benefits;

- Frequent seminars entice new customers and train systems purchasers;

- Backup includes complete servicing, and

- Software programs and peripherals meet customer needs.

"Everyone today knows what a copier is and what it can do," Lott observed. "It's several years down the road before the same will be true of computers. But people are learning fast, especially when they find out they can cut down on their labor costs, while speeding up their business transactions."

Selling by application

Applications selling—relating equipment to individual benefits—is the singular key to successful retailing of computers, calculators, copiers and similar equipment today, Lott explained.

The three Atlanta stores bill themselves as a "supermarket for small business." Yet they stress the importance of making sure the equipment fills the specific needs and desires of each customer.

"If we haven't, we've done irreparable damage to our reputation, our products and to the customer's attitude toward business equipment," the 15-year Xerox employee said.

He continued, "Setting up a computer system for small business still remains a major expense," even as more manufacturers enter the field and prices begin dropping.

"Customers will continue turning to the retailer who represents reputable merchandise, strong expertise



TIME AND PATIENCE are an important part of computer sales because of the specialized nature of the product.



SELLING COMPUTER APPLICATIONS has enabled Xerox to gain a solid foothold in the Atlanta area. Frequent seminars also entice customers.

and solid backup."

Because computers, word processors and advanced calculators are so technically sophisticated, Lott said, "It is a rare customer who walks in knowing exactly what he wants."

But, "He definitely knows what he needs, so that's our starting point," Lott said. These needs could range from inventory and payroll to bookkeeping, insurance forms, medical records and the like.

The staff takes considerable time talking with the customer, making sure he has all the facts. Only then will they begin suggesting any specific equipment or a package.

Because of the specialized nature of the equipment, time and patience are important. "If a retailer figures on making a computer sale in 10 minutes, he'd better get out of the business," Lott warned.

"We often spend hours with just one customer, only to have him go home to reflect, come back for another couple of hours of questions, discussions and demonstrations before he makes a decision."

In fact, he continued, "Next to buying a house or car, buying a computer may be the most important decision a small businessman makes today, so you can't blame him for wanting to be super-sure of what he's getting into."

"When they call it a personal computer system, they aren't kidding," Lott said. "It absolutely must be personalized to do what that specific customer wants, but not be too complex or loaded down with things he doesn't need now or in the near future."

Having space for demonstrations, seminars and individual instruction is as important to this type of retailing as display space, according to Lott.

The Xerox stores regularly present free seminars, introducing computers and other equipment to the consumer, zeroing in on the independent businessperson and professional. This customer "knows he could be saving money in extra personnel with a computer, but he hasn't the foggiest idea of what he wants," Lott reiterated.

Credit Corp. with 10 percent down and up to 60 months to pay.

As for software, "it's just as important as the hardware, especially to the highly specialized office like a doctor, for example," he said. And having it on the shelf is often vital to completing the sale.

The Xerox stores maintain more than 100 different software programs designed to meet the most-requested uses. "Obviously, we can't carry software for everything and everybody," Lott said, "but we have access to numerous other, more exotic software, too."

In the coming months, the stores plan to add a greater assortment of computers and accessories. "Computer accessories like hard discs can lead into more sophisticated systems," Lott observed.

Referral business strong

Although the three stores do considerable local newspaper advertising, a good share of their business comes through referrals.

For example, if one dentist likes the store, he normally shares this feeling with other dentists, Lott explained. "Building a strong reputation in this particular business is extremely important, probably more so than in anything else, because of the cost of the equipment and what it means at the very heart of the businessman's life."

The stores soon will experiment with drive-time advertising on local radio stations, Lott added.

Are you ready for



...one of the newest and best around.

Byte Magazine



Be the first to see our newest releases at the Chicago Consumer Electronics Show (CES) Booth 3062.

COMPUTER MAGIC LTD.
6801 Jericho Turnpike
Syosset, NY 11791
(516) 883-0094

TODAY'S CLASSICS. PLUS ALL-NEW ATARI®

More video games than anyone else.

More space games. More adventure games. More strategy games. More kinds of home video games than anybody. Including all of the most popular ones.

Only Atari gives you that.

And that gives more people more reason to make more trips to your cash registers.

Atari games, you see, not only sell the most, they pull people into your store. Like a magnet.

How big a magnet depends on how many titles you have on the shelf.

Atari players tend to come in with specific titles in mind. The more titles you keep on hand the more traffic will keep on coming back.

BERZERK
DEFENDER
PAC-MAN
SPACE INVADERS
SUPER BREAKOUT
MISSILE COMMAND
ASTEROIDS
BREAKOUT™
WARLORDS™



Bringing the arcade classics home.

From Space Invaders™ to Asteroids™ to PAC-MAN™ to Defender, all the arcade hits that have hit home have been from Atari.

Which is no coincidence. We plan it that way.

Arcades, after all, are the ultimate proving ground. Where the great games stand out. And where word-of-mouth, the best advertising there is, begins to spread, pre-selling the home version.

So that when an ATARI home game like PAC-MAN or Defender is ready for the public, the public is more than ready for it.

MAZE CRAZE



HAUNTED HOUSE



Superior

VIDEO PINBALL™



DODGE 'EM™



ADVENTURE



NIGHT DRIVER



3-D TIC-TAC-TOE



CASINO



BACKGAMMON



OTHELLO



CIRCUS ATARI



INDY 500



HUMAN CANNONBALL



COMBAT



CANYON BOMBER



STREET RACER



OUTLAW™



AIR-SEA BATTLE



SLOT RACERS



BASKETBALL



VIDEO OLYMPICS



VIDEO CHESS



CODEBREAKER



FROG POND



STAR RAIDERS



YARS' REVENGE



SWORDQUEST I



MATH GRAN PRIX



SWORDQUEST II



DEMONS TO DIAMONDS



And the hits just keep on coming.

Where are the home video game classics of tomorrow? They're in Atari's programming labs right now.

New home versions of arcade hits like Berzerk™ Exciting new adventure games like Swordquest I™ & II™ and Demons to Diamonds™ New space games like Star Raiders™ New fun games like Frog Pond™

Plus new educational games like Math Gran Prix™ and a whole new series in association with the Children's Television Workshop, the creators of Sesame Street.

TOMORROW'S CLASSICS. REALSPORTS™ CLASSICS.

ATARI RealSports. A whole new series of sports games.

The RealSports season opens in September. Starting with all-new RealSports Baseball from Atari, then new RealSports Volleyball, new RealSports Football, and new RealSports Soccer.

With more real action, more realistic graphics, and more real fun than ever before.

And they'll all be seen on network TV by millions of sports fans.

The same ones who also happen to be real Atari fans.

BASEBALL
VOLLEYBALL
FOOTBALL
SOCCER

The world's most popular video game system.

By a wide margin, more people own ATARI video game systems than any other kind.

Which is why more people buy ATARI Game Program™ cartridges than any other kind. By another wide margin.

It's just one good thing leading to another. For every big Atari box you sell, count on selling lots of little ones.



A Warner Communications Company

ATARI MAKES MORE HOME VIDEO GAMES THAN ANYONE
HAVE YOU PLAYED ATARI TODAY?

PERSONAL ELECTRONICS

CompuShop services include software and in-store repairs

(Continued from page 70)

said. "Our job is to tell him why he should buy from us." Yellow Pages display ads are also used.

"Experience" helps fuel CompuShop sales volume as well. The chain sold Apple serial number 11, Winger proudly noted, and claims to be the world's most experienced Apple dealer. It was five years old in March, and "not many can say that."

By stocking only Apple and Atari, CompuShop can stock in depth. It will not advertise anything not in stock,

and does not special order.

"We manage inventory in an extremely sophisticated manner," said Winger. The central office knows, on any given day, how many of each of the 908 line items were in each store the night before. It also has month-to-date figures "as of last night." The store managers make no purchasing decisions.

Finally, there is service, which can be surprisingly "less complex than servicing a camera." Every manager must complete a sales training

COMPUTERS



BUSINESS:

General Ledger, Receivables, Payables, Payroll, Inventory,

Word Processing, Database Management, etc.

EDUCATION & GAMES:

Math, Reading, Spelling, Science, Chess, Bridge, Backgammon,

COMPUSHOP

COMPUTERS FOR HOME & BUSINESS

1120 Bell Line Road, Suite 116
Professional Computer Shoppe
Computer Center
Dallas, Texas 75240
934-3107

2811 University
University Plaza
Austin, Texas 78701
512-465-5971

6351 Cypress Valley Rd.,
Ridgeview Plaza
P.O. Box 200, Dallas, Texas 75216
731-2222

1401 N. Central Expressway
Kenwood Park
Dallas, Texas 75201
234-3412

PROFESSIONALS BUY most of CompuShop's products. But there is seldom one reason for buying a machine. A wide array of software must therefore be stocked to accommodate customers, as illustrated by this Yellow Pages ad.

program, and gradually the salespeople also are being put through it.

"It's not complex," Winger said. "Computers diagnose computers." The stores do most of their own repair work.

The standard guarantee is 90 days, he noted, "like the rest of the electronics industry." Service contracts cost between \$100 and \$200 a year for an entire system.

About three of four sales are for Apple systems, with the Apple II dominant. The average cost, \$2,500, includes a \$500 to \$600 disc drive, the most popular peripheral. Video displays cost \$200 to \$500 and printers \$400 to \$3,000, with most under \$1,000. The lower Atari price "opens the door" to more sales, said Winger.

The typical customer is a professional—manager, doctor or lawyer, for instance. While five to 10 programs are of maximum appeal to this buyer, the CompuShop units carry about 200 line items of software.

Predictably, the turn rate is extremely slow, and money is tied up.

But CompuShop "has got to be a full service business," Winger remarked. "We want to get the customer into the habit of coming back for everything."

"The use of the machine crosses several boundaries," he added. "There is seldom a single reason for buying it."

Macy's California mails computer literature

(Continued from page 64)

an extended period of time. "The customer decision process takes an average of three visits and eight hours, which is why we are sending out several mailings," Weil stated. The first step is to get them into the store; the sales force does the rest.

The department has been decorated to create an "elegant atmosphere" using blue carpet and walls. "We wanted the machines to stand out and at the same time provide an area that customers could feel comfortable in. We also wanted them to have the opportunity for hands-on contact with the computer," Weil explained.

Free one-hour pre-purchase seminars help reinforce a buying decision as do the three-hour post-purchase sessions. These are conducted by salespeople, local residents with teaching and computer knowledge and manufacturers' reps. The seminars are held in a small room adjacent to the selling floor that is set up like a classroom. In addition to a blackboard, a long worktable has been installed in the rear of the room where students can practice operating the computers with the assistance of the instructor.

Once the purchase has been made, additional questions can be answered immediately over the store's computer hotline. And should a performance problem arise, Macy's offers both carry-in and customer-site service.

Although there are 21 other Macy stores in the Northern California/Nevada area, the business computer department has been set up just in the Union Square store. The other stores stock only personal computers.

How successful will the department be? "Very successful, I hope," said Weil. "But," he admitted, "I don't expect it to be profitable until its second year."

MERCHANDISING

Yamaha's keys to fun and profit.



Introducing the new portable keyboard with games.

HandySound. It's the new portable electronic 25-note keyboard from Yamaha featuring the sounds of five musical instruments. HandySound is a fun learning tool for everyone. It's small enough to fit in a coat pocket. And about to take America by storm.

The HandySound HS 500 also features five exclusive music learning games. Plus a liquid crystal display.

Equally important, no other manufacturer offers the century-old Yamaha heritage of superior sound, pioneering technology and

precision manufacturing found in every Yamaha musical product.

To increase sales even more, HandySound will soon be supported by a massive consumer advertising effort.

For more information on the HandySound line, call today. Yamaha Specialty Products Division, (714) 522-9240.



YAMAHA
HandySound

CES PRODUCTS

Midland adds 16 land mobile radios

DENVER—Sixteen FM two-way radios combine integrated circuitry and crystal control to achieve high performance, design simplicity and competitive pricing, according to Midland International Corp.

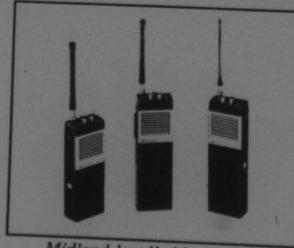
The new products include three handheld portable radios, seven under-dash and four trunk-mount mobile units as well as two base stations.

The two-way mobile radios and base stations feature integrated design utilizing solid-state circuitry. High selectivity and intermodulation reject adjacent or off-channel interference. They also have sensitive receivers to boost weak signals. Central metering capability with a built-in service socket simplifies maintenance checks and alignment.

All the Midland FM two-way radios can be equipped for Continuous Tone Code Squelch. As an alternative, the mobile radios and base stations can be modified for a digital selective call system to expand the number of codes that customers can use.

The 16 FM two-way radios expand the Midland LMR line to 33 models since its emergence in the land mobile radio business less than two years ago.

The new FM two-way radios broadcast on either VHF or UHF bands, with the capability of operating on channels numbering anywhere



Midland handheld portables

from two to seven, with power ranging from two to 75 watts.

Midland International Corp., 1690 N. Topping, M, Kansas City, MO 64120.

Emerson launches videogame system

SECAUCUS, NJ—Emerson Radio has announced its entry into the videogame market. Arcadia 2001 and an initial 20 game cartridges will be introduced at CES.

A 12-volt system makes the game adaptable for use in trailers, campers, automobiles and boats. The unit is also cable ready, with 75-ohm or 300-ohm switching built-in, eliminating the need for a special adaptor where cable systems are used.

Other features include a removable joy stick on the controller so it can be used as a thumb-controlled disc. The unit's compact size provides the dealer with lower freight and warehouse costs, and the consumer with a

less bulky console, claimed the supplier.

Emerson Radio Corp., One Emerson Lane, M, Secaucus, NJ 07094.



Emerson Arcadia 2001

JACK NICKLAUS GIVES YOU A WINNING GRIP ON PROFITS.



We're turning up the advertising and promotional volume to assure that Extend-A-Phone® stays No. 1 in the U.S. and the world and that you enjoy even better profits for '82 and beyond.

How will we do it?

First, with a super TV advertising campaign featuring Jack Nicklaus demonstrating the convenience, versatility and sheer value of the Extend-A-Phone.

Next, a high-volume magazine advertising campaign—again featuring Jack Nicklaus in top-of-the-line business-producing magazines like Newsweek, Time, Playboy, Sports Illustrated, Money, Omni, Golf Digest and Travel & Leisure.

Finally, with the most complete line in the business: a total of eight different models, with suggested retail prices that begin at a low \$130.00.

Call your Uniden rep and be sure you're fully stocked for the business heading your way. There's money to be made!

uniden

CORPORATION OF AMERICA

Telecommunications Division

15161 Triton Lane
Huntington Beach, CA 92649

6345 Castleway Court
Indianapolis, IN 46250



Odyssey² releases Freedom Fighters

KNOXVILLE, TN—Freedom Fighters is a new space game adventure for the Odyssey home videogame system.

Razor-sharp reflexes and unselfish teamwork are the key to zapping enemy warships and hunter-killer drone mines, dodging space debris and chasing down Pulsar confinement crystals to free hapless prisoners, the company said.

Game variations include an evasion mode which renders the laser cannon inoperative, one-person play with only one control, and one-person play operating both controls.

As with other Challenger Series game cartridges, the high score and that player's name are displayed on the screen. Available now, Freedom Fighters has a suggested retail price of \$32.95. This cartridge features an expanded memory.

Odyssey², N.A.P. Consumer Electronics Corp., Interstate 40 and Straw Plains Pike, M, Knoxville, TN 37914.



Odyssey² Freedom Fighters

JUNE, 1982

©1982 Uniden Corporation of America

*Extend-A-Phone ranges from base unit vary by model and environmental conditions.

CES PERSONAL ELECTRONICS PRODUCTS

O'Sullivan intros videogame center

LAMAR, MO—A complete video-game cabinet, model VG110, has been introduced by O'Sullivan Industries. It has a design patent pending.

The TV cabinet accepts most 19-in. color televisions, while the video game cabinet rolls out to provide the ideal viewing distance for video-games.

The unit adapts to accommodate Atari or Intellivision game systems. The bartonwood vinyl laminate finish features vein-line accents. A pull-out drawer supplies plenty of room for videogame cartridges, O'Sullivan said.

The dimensions are 17-5/8 in. high by 15-3/4 in. deep by 28-3/8 in. wide. The suggested retail price is \$99.95.

O'Sullivan Industries, Inc., 19th & Gulf Streets, M, Lamar, MO 64759.



O'Sullivan cabinet VG110

Timex Computer intros under-\$100 Sinclair 1000 unit

MIDDLEBURY, CT—The Timex Computer Corp. has announced that it will manufacture and market the first personal computer to break the \$100 price point.

The compact, lightweight, fully assembled computer, named the Timex Sinclair 1000, will have a suggested retail price in the United States of \$99.95. The computer and a range of peripherals and software for home, educational, business and entertainment use will be available to retailers beginning in July.

The products will be distributed through more than 100,000 retail outlets, including computer stores, department stores and chains, consumer electronics, jewelry and drug stores.

The agreement with British based Sinclair Research Ltd. calls for the current mail order sales of the Sinclair ZX81 to be phased out as Timex begins its marketing program.

The enhanced version from Timex features a 2K byte static memory and a step-by-step instruction manual custom-written for the first-time computer user. The instruction book also includes a course in fundamental programming, enabling users to develop custom programs in Basic.

Software prices will range from \$9.95 to \$19.95. The system will also have a 32-column printer and a telephone modem, enabling direct tie-in with large computer data services.

In addition, a 16K RAM memory expansion module will allow users to extend the computer's memory. Each of these peripherals will have an under-\$100 suggested retail.

Timex Corp., Park Road Extension, M, Middlebury, CT 06762.



Timex Sinclair 1000

Cordless phone marketed by Sony Corp.

NEW YORK—Sony has entered the telephone market with a cordless remote pushbutton unit. The SPP-11 Zone Phone features automatic redialing, paging from its base station, easy installation and rechargeability.

The unit has an operation radius of 300 feet. LED indicators on the handset and base station blink when the user is dialing out or receiving calls. A second LED light warns when the handset battery needs to be recharged in the base station. Extra handsets and battery packs (about \$30) are available.

The slim handset is finished in an ivory-tone. The unit operates with either rotary-dial or touch-tone sys-

tems. It carries a suggested retail price of \$219.95 and will be available this summer. Other telephones will later become available, Sony added.

Sony Corp. of America, 9 W. 57th St., M, New York, NY 10019.



Sony Zone Phone

THERE'S REALLY

ANOVA Electronics advances the state-of-the-art in three fast growing consumer electronics categories. And brings all three products together to create a fourth, entirely new category.

So in a business of 'me too's' and 'also rans', we're introducing a uniquely sophisticated product line that you can sell in the most flexible way. And that means unusual profit opportunities for dealers who get in right away.

SEVEN MORE THAN AN ANSWERING MACHINE

It would take four separate products, or more, to equal the features designed into the ANOVA Telephone Center.

It's an advanced telephone answering system; an automatic dialer; full duplex speaker phone and a multi-function electronic tele-

phone. All combined into a masterpiece of contemporary design that is without equal.

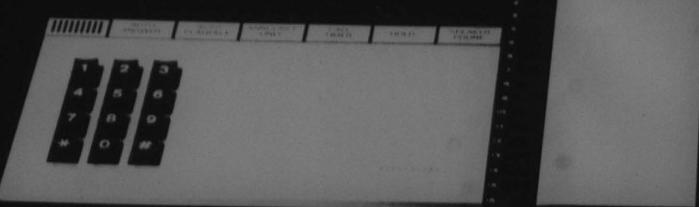
AN ADVANCED IT MAKES OTHER CONTROL SYSTEMS OBSOLETE

The ANOVA Control Center is the ultimate in automatic remote control of lights and appliances. And a major innovation in control and security for both homes and small



businesses.

The central console and its family of remote switch modules work together over standard AC wiring. Anyone can install it ... anyone can program and operate it.

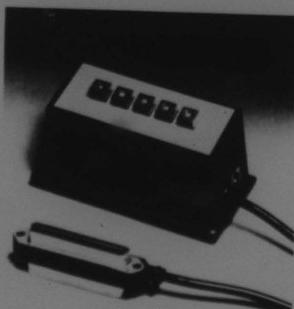


Single-line accessories connect to multi-line business phone systems

NEW YORK—TT Systems Corp. has introduced the Five Line Super-Selector for connecting all single-line phone accessories to multi-line telephone systems. The Super-Selector allows switching of dialers, amplifiers, answering machines and feature phones to any line on a standard five-line business telephone.

FCC registered and approved, the Five Line Super-Selector carries a one-year warranty. The suggested list is \$65.

TT Systems Corp., 9 E. 37th St., M, New York, NY 10016.



Five Line Super-Selector

Fox introduces radar detector, scanner and call interceptor

DAYTON, OH—A SuperTrucker radar detector, a scanner with interchangeable plug-in modules and a telephone call interceptor have debuted from Fox Marketing.

Because trucks are much larger than autos, they have a longer range of vulnerability. The SuperTrucker superheterodyne unit has a sensitivity 10 times more powerful on the K-band and twice as strong on the X-band compared to any available superhet unit, according to Fox.

The SuperTrucker is a limited edition produced for the professional



Fox-Pac scanner

driver and will be available at selected truckstops and dealers at a suggested retail price of \$429.95. Delivery is planned for the third quarter.

The Fox-Pac receiver eliminates the restrictions of a crystal scanner and reduces the complications of a programmable scanner for the average consumer, Fox said. Its plug-in modules are programmed by local dealers for hot action frequencies. Factory Fox-Pacs for all U.S. cities will be available.

All Fox-Pac modules are divided into banks of 10 channels each. Modules are available in 20-, 50- and 100-channel capabilities.

Offered at a suggested retail price of \$229.95, Fox-Pac 100 FXR will be available for July delivery.

The interceptor is available in two versions. Model T is operated entirely by signal tone and carries a suggested retail price of \$129.95. Model V has its own computer voice that says, upon answering the phone: "Please send my Fox code." If the proper code is entered, the computer responds: "Thank you, I am ringing." Model V's suggested retail price is \$159.95. Deliveries are planned for the third quarter. The Fox-Fone cable plugs into the telephone wall socket, while the telephone plugs into the Fox-Fone.

Fox Marketing Inc., 4518 Taylorsville Rd., M, Dayton, OH 45424.

ANOVA has NO COMPETITION.



IN SECURITY, NO OTHER SYSTEM COMES CLOSE.

The ANOVA Protection Center is a wireless system designed with many professional features for high customer appeal. No other security product is so complete, yet so simple.

It's a burglar alarm/deterrent; fire & smoke alarm; personal/medical emergency alert and a utility failure warning all in one.

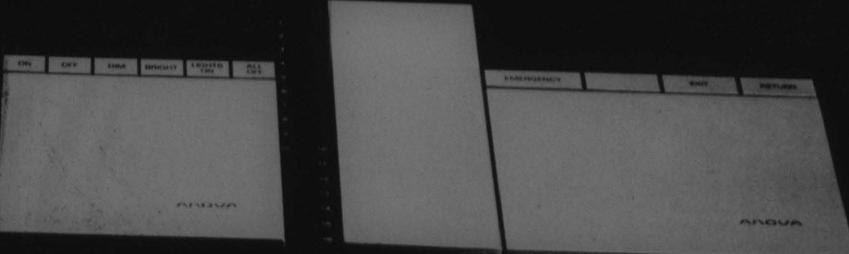
ANNOVA INTELLIGENT SECURITY THAT ADDS UP TO YOU.

Each new ANOVA Center may be sold separately or together as the

ANOVA MASTER SYSTEM, the first fully integrated intelligent communications, control and protection system for home or small business.

The ANOVA MASTER SYSTEM delivers many unique features that make it truly greater than the sum of its parts. This gives you a unique selling proposition to help close sales now and provide for important 'add-ons' later.

Naturally, our dealers can count on solid merchandising support and a breakthrough national advertising campaign designed to bring customers into your store. Get the whole story along with a 'hands-on' demonstration at the Summer CES Show, Booth #3313, Concourse Level. Or, call ANOVA or your local ANOVA Representative for details.



ANOVA

Anova Electronics, Division of Dart Industries, Inc.
Three Waters Park Drive, Suite 201, San Mateo, CA 94403
Headquarters Tel. (415) 572-9686
LA Sales Office Tel. (213) 710-0458



Palmtex Popeye



PulseTach watch

DNA Medical combines watch and pulse monitor

SALT LAKE CITY—DNA Medical has introduced PulseTach, a combination wristwatch and pulse monitor.

The watch features a chip that precisely measures, calculates and displays pulse rate without the use of external wires, DNA Medical said.

PulseTach has two pulse calculation modes. The patented PulseSense mode filters out interference and is best for checking pulse after aerobic training and vigorous workouts. The four beat averaging mode updates every four beats and is recommended for quick updates while relaxing, DNA Medical explained.

The time of day mode features accuracy within 15 seconds a month. The chronograph times cardiac recovery and exercise programs, and runs independently of the pulse modes. The suggested retail price is \$69.95.

DNA Medical, Inc., 3385 W. 1820 S., M, Salt Lake City, UT 84104.

Smith-Corona now has the Ultrasonic portable

NEW CANAAN, CT—Smith-Corona Ultrasonic is a portable electronic typewriter that features one-touch memory correction. It uses quick-change ribbon cassettes and low-cost daisy printwheels that allow the typist to change type styles easily.

When the typist touches one of the keys, a metal striker hits the "ultrasonic rod," which emits high-frequency sound waves that travel towards both ends of the rod. There, electronic sensors transmit the information to the typewriter's "brain"—a micro-electronic chip—which decodes the data and instructs the machine to print the correct impression. The entire process takes a fraction of a second.

The memory correction system allows up to 10 characters to be lifted off the page at the touch of one key. A memory speed cushion prevents jamming, piling, unwanted dashes or omissions.

The Ultrasonic has a 13-in. page capacity, a writing line of 10½ in., and uses about the same power as a 60-watt light bulb. It weighs 22 lbs. and comes in a double-walled, air-cushioned carrying case. The suggested retail price is \$595.

Smith-Corona, 65 Locust Ave., M, New Canaan, CT 06840.



Smith-Corona Ultrasonic

Games by Apollo adds four videogames

DALLAS—Games by Apollo will introduce four Atari-compatible game cartridges at the Consumer Electronics Show. The company's first two games, Skeet Shoot and Spacechase, were delivered before the end of 1981.

The four new cartridges, all designed for play with the VCS, include:

Racquetball, a "fast-paced" sports game with increasing levels of difficulty;

Lost Luggage, which has the player trying to retrieve his luggage from an airline luggage carousel gone mad;

Space Cavern, with the player as a spaceman fighting off a host of space monsters and an Electrosaurus, and

Lochjaw, in which the player attempts to retrieve a treasure in diamonds from a sunken treasure ship while being attacked by sharks and a sea monster.

All four games are now available for shipment.

Games by Apollo, 1300 E. Arapaho Rd., M, Richardson, TX 75081.



Apollo Spacechase

Keytronics adds 500-ft. cordless phone to line

SAN PEDRO, CA—The KP-6100 is termed a compact, high-fashion phone.

It features a 500-ft. range and soft-touch keys on the handset. Advanced circuitry provides reduced

noise and interference, Keytronics said. Automatic redial and a security lock also are provided. The suggested retail price is \$139.95.

Keytronics Inc., 786 Miraflores Ave., M, San Pedro, CA 90731.

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- 3 New Plug-In Modular Models

Midland phones give you the best of both worlds — An exciting new 3-model Midland Cord-Free® line with retail prices starting as low as \$119.95. Midland is also introducing a 3-model plug-in modular phone line with suggested retail prices starting as low as \$34.95. Midland's Cord-Free® line has short-range (60 ft.) to long-range (600 ft. from base) models with the most-wanted features plus memory dialing and full intercom capability. And that's just half the story.



Midland's three outstanding plug-in modular decorator telephones are designed to meet your customers' needs in each retail price category. They feature miniaturized, modern decorator styling with these most-wanted features: automatic redial; privacy hold button; 10-memory dialer plus true touch-tone dialing.

The Midland 6-model phone line represents outstanding value. You know the traditional Midland quality story. Combine it with the very latest state-of-the-art technology and design for famous Midland reliability. Back it up with Midland's limited one-year warranty,* on-time delivery and expert service.

Midland supports you with a world of advertising and promotional materials. Eye-catching, 4-color packaging, spec sheets, point-of-purchase display materials, newspaper ads and radio scripts, sales aids, just to highlight a few.

The new Midland phone line of Cord-Free® and Plug-In models means a world of profit opportunities for you, and puts Midland in a class by itself in the rapidly expanding phone market. That's why Midland is The Intelligent Choice.

Write Midland Consumer Products Marketing Dept. 161, Midland International Corporation, 1690 N. Topping, Kansas City, Missouri 64120 or call 800-821-8534.

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*For a free copy of Midland's Limited One-Year Warranty, write to Midland Consumer Products Department.

SEE MIDLAND'S NEW TELEPHONE LINE AT BOOTH #206, JUNE CES SHOW...Midland is also announcing two new leader-priced CB radios and three new car stereo models.

75th
ANNIVERSARY

Merchandising

A GRALLA PUBLICATION

JULY 1982

THE NATIONAL MAGAZINE FOR ELECTRONICS ■ HOUSEWARES ■ MAJOR APPLIANCE RETAILERS

Retailers report **Videogames**

burst onto center stage
at the Summer CES

Appliance dealers
find sales soaring
when they introduce
kerosene heaters

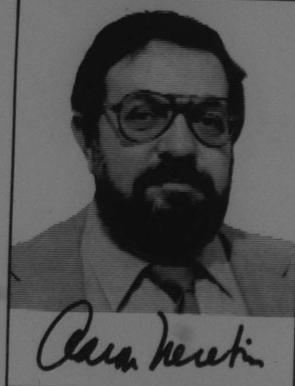
Government
loans can help
to expand
your store's
horizons

The NHMA **JULY HOUSEWARES SHOW**

swells to accommodate new introductions
of larger air purifiers and ionizers,
serving electrica, water purifiers,
caramel corn makers and
more Japanese products

Retailers
v.s.
HBO
explodes in court
in Minneapolis

CES dealers
find a ballyhoo
about returning
fair trade
laws



Editorially Speaking

View from CES: The worm turns on turns; retailers to count on computers for growth

The Consumer Electronics Show in Chicago last month drew to a close without any conclusion being reached as to where the electronics industry is heading in the last half of the year.

Now, the Housewares Show is upon us, and it's not likely that we will be any closer to a consensus about the immediate future.

In both cases, those old saws about having to work twice as hard just to stay even apply with equal vigor.

One element that appears to be universal is the breakdown in standards for terms being offered retailers in order to keep goods flowing through the pipelines.

We've now heard from enough electronics and housewares retailers to conclude that many of them—even those a couple of shades below bellwether status—are able to negotiate some incredible terms and dating privileges well above the norm and are holding fast on signing orders until these extensions are firmly in their hands.

These add-ons include as much as a 50 percent increase in floor planning terms, doubling of normal dating for 60 days or below and retention of, or even slight increases on, dating percentages despite the time extensions.

Of course, even as these extensions are being offered or pushed they appear to be going only to those

considered reasonable-plus credit risks.

Others, about whom there might be even a trace of doubt, are getting hit with the other end of the dating allowance stick—and we've heard from them too (not only about term cutbacks, but about shipments being held back as well).

The credit departments of all of these suppliers and distributors must be going bonkers.

The recently concluded CES did, however, provide some very sharp insights into electronics directions even if it did not clarify economic projections for the second half.

Electronic games dominated interest everywhere they were on display and computers appear to have finally come of age in the minds of retailers as a viable new entrant in their floor space derby.

Computers, particularly, drew strong interest from retailers even as they drew a great deal of confusion as well. This was most evident at the closing-day seminar on computers which was—even if I have to say so myself—admirably moderated by our own Bill Silverman.

Usually, on closing day, seminar panelists talk to a lot of empty seats and you can roll a ball down most exhibit aisles without fear of hitting too many retail individuals.

This time, however, the seminar was jammed as many retailers apparently stayed over a day just to get a better handle on the computer business and their involvement therein. (Details on the seminar appear on page 6.)

While we don't want to intrude on the actual coverage, it might be worth repeating that the panelists felt that the combination of consumer experiences with electronic calculators and sophisticated electronic games as well as increased data access bases have now made the consumer—particularly one who has already had previous use experience with calculators and games—open for a possible next-step computer sale. That really seems to make sense.

One comment by a retailer who is pretty big in both electronics and computers—made to us following the seminar—is worth repeating.

"As more and more retailers get into computers and more and more suppliers offer both hardware and software, we look to the heavens in the hope that the computer business doesn't get as screwed up on profitability as did some areas of the VCR and color TV and calculator business," he said.

That's a direct quote, including the reference to the heavens. It's also something to think about for an industry that frequently seems to go out of its way to self-destruct. ●



From the Capital

DOE wants to dump efficiency minimums, but industry and government oppose move

What do shoppers consider when comparing different appliances?

The Department of Energy, which wants to get out of the obligation given it by Congress in 1978 to set mandatory efficiency minimums for 13 categories of appliances, says that customers search around for the cheapest appliance to operate, and that pressure will lead manufacturers to find new and better ways to improve efficiency.

DOE not only doesn't want federal standards; it also wants to get rid of state standards now on the books in 48 jurisdictions.

But the General Accounting Office (GAO) claims that "historical evidence" shows that buyers do not gravitate to the model that is cheapest to run. And some in the industry agree with GAO.

Carrier Corp. says that dealers promote the cheapest models out of fear of losing sales, and it points out that builders of new homes (big buyers of major appliances) are a lot more interested in finding the lowest initial cost than they are in operating expenses.

Only mandatory standards will lead the industry to market appliances that may cost more at the store, but will turn out to be cheaper in the long run, Carrier says.

Congress is angry

Congress—or at least the House of Representatives, which is controlled by Democrats opposed to a lot of the Reagan non-regulation philosophy

—is angry that DOE has yet to implement the 1978 law. The House Energy subcommittee recently held hearings on the issue.

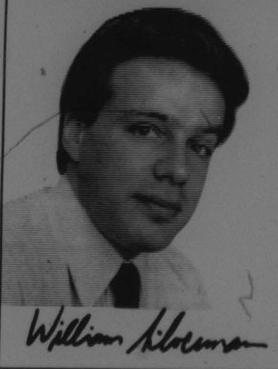
One possible outcome, being pushed by subcommittee chairman Richard Ottinger (D-NY), would let the state standards stay in effect as long as Washington does nothing, or sets minimums that require no real efficiency improvements.

All sides, meanwhile, support the appliance labeling rules from the Federal Trade Commission. FTC says that so little change has been made in the efficiency of refrigerators, freezers and other appliances that the existing estimates will stay in force for another year.

SHORT TAKES: It is a defeat for Toro Co. that the "dead man control" rule for power mowers went into effect July 1. The lawn mower maker wanted the Consumer Product Safety Commission to give it one more year to build the protection into all walk-behind mowers, but the commission listened instead to other manufacturers, which had already changed their lines. Merchants can still sell mowers without the feature as long as they were in stock on June 30 . . . Sears Roebuck lost a major round to the Federal Trade Commission. The agency—upset by four years worth of advertising for Lady Kenmore dishwashers that staffers claimed seriously overstated the appliance's ability to wash pots without prior scraping—ordered the chain to be sure it had in hand proper

tests to back up any advertising claims for any "major home appliances." Sears argued that the order should not go beyond dishwashers, but the U.S. Court of Appeals in San Francisco okayed the broader approach . . . Action in Congress may make it tougher to land big bargains on foreign-made products. Senators Charles Mathias (R-MD) and Howell Heflin (D-AL) have introduced a bill that would make it easier for U.S. producers to keep out goods being sold to U.S. buyers at unfairly low prices, and force overseas producers dumping goods in the U.S. to pay those who lose sales three times the actual amount of their losses . . . The big antitrust judgment won by Supersonic Electronics Co. against Sony Corp. of America has been wiped out by the U.S. Court of Appeals in New York. Supersonic convinced a jury that Sony dropped it as a dealer in order to stop transshipment, and was awarded a \$675,000 verdict. But the higher court ruled the jury was wrong, and that there wasn't enough proof of an antitrust conspiracy to support the verdict . . . There will be more FM stations in some cities thanks to a rule shift at the Federal Communications Commission. FCC has dropped the rule that assigned the 80 available FM channels to one of three groups (with a maximum power of three kilowatts, 50 kilowatts, and 100 kilowatts respectively) and would allow only stations of any one class in any one market. More small stations in big markets are now possible. ●

TRENDINGS IN PERSONAL ELECTRONICS



Home computer profitability depends on retail foresight

Retailers who continue to affect a "show me" attitude towards home computers risk losing out on a big profit booster in the fourth quarter and beyond.

That sums up the attitude expressed by the CES Personal Computer Conference panel. And the presence of a full house on a getaway day proved that a lot of fence sitters have been coming around to that view.

One reason for optimism has been the sales surge following the gradual

reduction in prices over the past year; several home computers now retail for under \$300.

About 650,000 under-\$1,000 units will be shipped to dealers this year, EIA/CEG personal electronics division chairman and Casio president John McDonald noted in his keynote address. Later, Commodore Business Machines consumer product division president Alan Fink noted that a "substantial" shift toward home use has begun.

Home computers combine video-

game capability with financial management, education, data bank access and other uses, pointed out Bill Turner, Texas Instruments consumer group general manager. But don't regard them as merely upscale videogames when they actually can improve our lifestyles to a tremendous degree, said Schaak Electronics/Digital Den executive vice president Larry Castricotta.

Retailers can translate these thoughts into action aimed at their markets. One nice thing about dealing seriously with computers comes with the ways in which they really do help kids prepare for a world that is more dependent on computers each day. Why not advertise this fact?

Those of us who regard as folly movements to restrict videogame parlors argue that these games provide an easy access to the world of computers. Translating this thought into action will not result in a drop-off in home videogame demand—quite the opposite is taking place, as proven by Atari.

Don't blow it!

Still, all the sales in the world don't add up to much if the profit margin disappears, as has happened to some other consumer electronics products in the past. Something must be said, and *Merchandising* might as well be the one to say it. "Let's not blow it."

True, there is going to be a lot of competition. But it is not necessary to cut prices to the bone right off the bat. First, at least some of the sales staff should be technically trained. Also, care must be taken in selecting hardware, software and peripherals. Advertising, including direct mail, should be planned very carefully. Special sales, demonstrations, seminars and other events can also maintain the day-to-day price, if done correctly.

The time may come when hardware has become so widely discounted that all the profits lie with software and peripherals. But that is not the case now, pointed out Dan Ross, Timex Computer Products vice president.

Neither is it necessary to create a separate store, as Schaak and Appletree Computer, represented by Michael Jaret, have done successfully. More than boxes and a pegboard software display will be needed to maintain margins, though.

A working, computer-dedicated area, a selection of popular peripherals and a wide selection of software are basic needs. Perhaps the hardest one to satisfy could be software, partly because of the large amount of money that can be tied up in slow movers.

For some retailers, one way out could be to assign a full-time buyer to software for computers and videogames—also a sometimes baffling proposition, with the recent proliferation. For others, distributors could play a role in the future.

During CES, we spoke with David Wagman, chairman of Softsel Computer Products. Softsel markets more than 1,700 personal computer programs to more than 1,500 computer retailers worldwide. While a full-service computer store should stock 250 to 300 titles, nonspecialists only need sell the top 30 titles, he said.

The Inglewood, CA company and others like it help by rotating titles so that open-to-buy is not tied up in dead sku's. What's more, all new software packages are put through a tough evaluation program.

Genius at work!



Model 8300

brother® Correctronic™

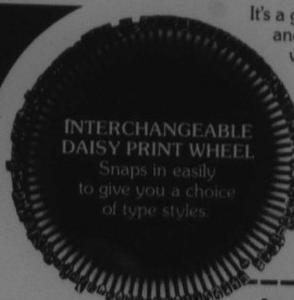
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TRENDINGS IN VIDEO



Pamela Golden

Study videogames carefully before stocking the shelves

With videogames creating most of the excitement at the Summer CES, video specialists should take the post-show opportunity to sit back and carefully study this rapidly growing industry. Yes, this is an area you might want to get involved in. The question is, to what degree.

Just as many retailers have experienced problems with prerecorded videocassettes, there is suddenly a glut of videogame products in the marketplace. The industry, which

until recently had been dominated by three major hardware suppliers and several other software companies, has now witnessed the entrance of a large number of firms, including the major motion picture studios, which will be involved in generating software.

At this point in time, when margins on video products are slim to say the least, it is very tempting to turn to a different but related product that looks more promising. Right now, that product appears to be videogames. Retailers everywhere are

seeking to latch onto a big seller, whether it be a Pac Man cartridge, Pick Axe Pete, Donkey Kong or the future Jaws that MCA Videogames is rumored to be releasing.

Move with caution

But, retailers beware. The video-game business is growing so quickly that there are bound to be casualties on both the manufacturer and retail levels. So before you take any portion of your purchasing money and put it into videogames, take the time to determine what percentage of your business you want them to encompass.

After that, figure out *realistically* how much they can generate in sales—taking into consideration competition from neighboring stores and customer buying patterns. It is essential to characterize your regular customers and decide if they are likely to buy a videogame unit, and, if so, how many cartridges they will buy on a regular basis.

Just as with videodiscs, the software is now the heart of the business. So ask yourself, "Do I really have the capital, the display space, an adequate amount of sales help, and a sufficient customer base to get into this business properly?"

Although you do not have to carry every machine or every cartridge available, you must choose a system (or systems) and stick with it. Once you make the choice, you will have to stock an adequate supply of software, especially the popular titles.

In addition, you should constantly whet the consumer's appetite by extensively promoting the new arrival of a good cartridge, as well as regularly featuring videogames in your advertisements. Consumers tend to be fickle. They will go to the store that offers them the most for the lowest price and, unfortunately, that may not be at the same store each time they shop.

At this time, profit margins on videogame software are relatively good, mostly because there have been a limited number of suppliers, cartridges, even retailers. However, now that the games appear to be where the action is, all this could change. Just as in the videocassette business, widespread discounting could turn the entire industry around for the worse.

And then there are rentals. Although prerecorded video rentals have attracted many more customers to the stores, they have also created stiff competition. This could happen in videogames as well.

Overnight rentals could boost sales, if done properly. During the CES, several video-oriented retailers mentioned they were considering renting cartridges so customers could decide if they like them enough to buy. This is one way of getting customers into the store without cutting prices and profits.

Videogames could be a good business for many dealers, especially video specialists. Let's just hope that smart retailing keeps it that way for a long time to come.

Short Takes: In an update on the battle over home taping, the Supreme Court has decided it will rule on the Betamax case. A decision is not expected for at least a year, and despite the motion picture companies' efforts, it is doubtful that Congress will vote on the Mathias Amendment before the Supreme Court reaches a decision.

KEEP UP WITH THE LEADER.



Home video is a tough race. The stakes are high. The competition is keen. And to keep abreast of the pack, a dealer needs all the help he can get. That's why it pays to follow the leader.

Month after month, Warner Home Video fires the starting gun on front-running, first-run titles your customers will come running to see.

Blockbusters like **PERSONAL BEST**, Robert Towne's daring push to the limit in sports—and sexuality.

Or **SHARKY'S MACHINE**, the toughest, leanest, meanest Burt Reynolds thriller in years—with knockout newcomer Rachel Ward as the high-priced hooker who lights Burt's fire.

Or **ROLLOVER**, the Jane Fonda/Kris Kristofferson drama of the ultimate financial doomsday—and a sizzling saga of romance between two of the screen's hottest stars.

Hits like these can keep you running in top form all summer

long. But they're just the beginning.

And for a final kick at the height of the season, Warner Home Video presents the upset Academy Award winner that beat out all the odds: **CHARIOTS OF FIRE**, whose artwork above points out a simple fact.

When everyone gets in step, going the distance gets that much easier.

Write or call Russ Bach, WEA Corporation, 111 N. Hollywood Way, Burbank, California 91505, (213) 843-6311.

He'll give you more reasons why leading video dealers are following the leader.

In the long run, you'll come out way ahead.

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"THE DEALER'S CHOICE"

Merchandising

1980 PERSONAL ELECTRONICS

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Hardware systems, new software suppliers crowd the market as games highlight CES

By William Silverman, sr. assoc. ed.
CHICAGO—Confident that video-games have the legs to race ahead for several more years, vendors and buyers at the Summer CES sought each other out in record numbers.

This year, household penetration could roughly double to 16 percent, and no one knows how high it can reach. But projections are optimistic enough to bring new suppliers rushing into the market.

Several new hardware systems appeared at the show, including ColecoVision. And 15 software suppliers were represented. Besides the many Atari suppliers, other firms—including Activision, Imagic and Coleco—have begun to offer Mattel-compatible cartridges. In addition, Imagic has become the first outside firm to supply software for the Odyssey game.

Not all of the new software met with buyers' approval. Many retailers agreed that less-sophisticated games are useless and some Atari-compatible software offered little play value and unsophisticated graphics.

And the sheer number of new suppliers led to conjecture that several would not last much past Christmas.

Although hardware sales are booming right now, there was also speculation that this could level off as the price of home computers drops, making them more competitive. Still, with the large number of videogame consoles already in use, cartridge sales would remain strong for some time. Some 80 million are expected to be sold in 1982 alone.

In a nutshell, buyers knew they had to pick and choose very carefully to maximize profits in a fast-changing industry.

Typical of retailers at the show was



PICK AND CHOOSE is how retailers must determine their videogame mix if they are to maximize profits in this fast-changing industry.

Gimbels Midwest buyer Don Chebowski. He said he was interested in three or four hardware suppliers and software from six. "Otherwise, a game would have to be really hot."

Games stand on own

"Each individual game that comes on the market must stand on its own," commented Activision president Jim Levy. "There will only be a glut of games that don't sell."

Companies are going to be judged on their creative strength, distribution methods, advertising and marketing capabilities, long-term planning and financial support, he said.

Martin Silber, manager of Authorized Electronics, Northbrook, IL, said, "Less-sophisticated games are useless. We let our customers try out some of the newer cartridges in the

store, and let their opinions help guide us."

The distributors will get stuck with bad-selling cartridges, predicted George Whiteley, buyer for Meier & Frank, Portland, OR. "The market will continue to get more like the record business."

"It's going to be survival of the fittest," added Mike Doepeke, director of marketing for Mattel's Atari-compatible M Network games.

Ed Paicenza, electronics buyer for the six-store Harvard Cooperative Society, Cambridge, MA, said, "There are too many games. There will be a great shaking out of the industry—and quickly. As computers get a little less expensive, they will take over."

Home computers will soon move into the price points now occupied by the upscale videogames, predicted Gimbel's Pittsburgh buyer Norman Marshall.

He pointed to \$179, \$229 and \$249 as ideal price points for computers, adding, "The videogames are designed for lower price points, say \$99. They will still have a viable market."

In fact, the shift towards lower-priced home computers seemed to pick up steam at the show. The Atari 400 model had its suggested retail lowered to \$299. The Commodore Max machine, with computing and music synthesis capabilities, now bears a suggested retail price of \$179.

Already a major videogame force, Mattel Electronics sees the potential for \$250 to \$350 home computers reaching 10 million pieces in the next two years. However, the company has yet to make an announcement about the Mattel keyboard component or other computer ventures.

In other news, Atari and Lucasfilm announced at the show that they have joined forces to develop and market home and coin-operated videogames and home computers.

Industrial Light and Magic, Lucasfilm's special effects division, recently completed the special effects for Star Trek II, Poltergeist and E.T.

Astrocade, meanwhile, filed a patent infringement action against Atari and Commodore Business Machines. The lawsuits involve patents covering a video display technique known as "bit mapping."

Home computer must offer education, recreation usage

By William Silverman, sr. assoc. ed.

LUBBOCK, TX—"Consumers have educated themselves to the possibilities of a true computer that provides not only recreation, but also education and assistance in aspects of domestic planning."

That was the message Bill Turner, Texas Instruments assistant vice president and consumer products marketing manager, had for reporters gathered at the Lubbock, TX headquarters. Sixty-seven new products were introduced that day, with special focus on new software for the TI 99/4A, the TI-88 advanced programmable calculator and the Magic Wand Speaking Reader.

A true home computer, Turner pointed out, has a low entry price in the \$250 to \$500 range with expandability in memory and peripherals. It must be easy to use and widely distributed in retail outlets where consumers usually shop.

"The product should be optimized with color, sound, music, voice and self-prompting instructions to address the beginner, student, expert and child," he added. Combined with a broad spectrum of software applications, such a product can find a place

in the mass market.

"A child or adult who is not computer literate will be a misfit in the late 1980's and 1990's," Turner commented. The computer "is a one-product alternative to multiple specialty products for each application in the household," he added.

New software debuts

Forty new software packages for the 99/4A home computer include 30 education, three home management, two computer literacy and five entertainment modules.

The updated TI-Logo II, the children's computer language, has twice the memory of its predecessor and clearer graphics. In addition, Control Data Corp. and TI recently announced an agreement that will make a series of PLATO computer-based education software available on disks.

The Calculator Products Division, TI has initiated a thrust in the portable programmable computing business, said assistant vice president Kirk Pond. These products are meant to address the portable needs of the student, technical professional and business professional, and include

(Continued on page 46)

PERSONAL ELECTRONICS/CES REPORT

Explosive home computer growth propels vendors to add tables starting under \$100

By Bill DeSiena, associate editor

CHICAGO—Anticipating explosive growth in home computers over the next two years, a handful of electronics furniture manufacturers came to the Summer CES with computer tables ranging from under \$100 to \$500 at retail.

However, if the rapidly maturing market for videogame carts is any indicator, many more vendors will quickly leap into the computer furniture area. After the last CES, many manufacturers, following the lead set by a few, introduced game carts. As a result, the market is now glutted with products, some selling for as little as \$24.95 retail.

From computer tables to microwave carts to audio/video home entertainment centers, electronics furniture (with its possible 40 to 50 percent margins) will draw more hardlines dealers into the business, vendors told *Merchandising*. The trick will be to convince buyers to take on furniture stock at a time when economic woes have forced cutbacks on hardlines inventories themselves.

Retailers, reporting furniture sales are about even with last year's figures, were looking for higher-quality pieces for audio and video. Most of the more than 50 exhibitors present have heeded this trend.

Computer boom begins

Expected long-term success of computers for the home will begin with consumers in their twenties and thirties, said Mike Shepis, advertising manager, Gusdorf Corp. "The boom is starting here, with a younger age group, which signals that this furniture market will see incredible growth over the long term."

Gusdorf introduced a modular computer table system, with three pieces running between \$143 and \$270 suggested retail. Three expanders, that can be put together in any manner to angle the system as desired, list from \$40 to \$80. All are ready for shipping.

Although a number of vendors came up with computer furniture, many don't expect the market to develop overnight.

"The computer table is really oversold yet," commented Paul Bush, president, Bush Industries. "The home market for computer hardware is just coming into its own, and will



40 TO 50 PERCENT electronics furniture margins will draw more hardlines dealers into the business, say vendors like Mike Shepis, advertising manager, Gusdorf (left), Keith Myles, vice president, finance and administration, (center) and J.L. Isaacs, merchandise manager, Friendly Frost, look on.

take a couple of years to take off. But we'll be there in its wake."

Bush debuted a home computer center to accommodate a computer terminal, disc drive and additional hardware equipment. Sporting a woodgrain vinyl surface, and in a walnut finish, the center was introduced at \$129.95 retail.

"The home environment market still runs second to the volume done in the small business market," reminded Tom Riegel, national sales manager, electronics furniture division, O'Sullivan Industries. "The advent of lower-priced computer systems will help prime the home market in the next couple of years."

A line of prototype computer furniture was shown in a booth separate from O'Sullivan's other furniture lines. In addition to the small business entries, a pair of home computer centers was offered and are expected to run between \$90 and \$100.

Randy Chrisley, general sales manager, Pulaski Furniture Corp., reported that his firm's home computer table would be shipped in October. The hardwood oak-finished unit, which includes printout storage, has a suggested retail of \$499.

Soundsign Indiana and Royal Creations also featured computer stands at \$259 and under \$100 retail,

respectively, and two other manufacturers said they would offer units come January.

Videogame arena crowded

With large and small vendors alike getting into videogame manufacturing, videogame carts promise to be a healthy business this year, suppliers agreed. But some argued that the area is not large enough to support the glut of vendors now showing product.

"We knew this was going to happen back at the January show. There was just a handful of exhibitors with videogame carts then," pointed out Gusdorf's Shepis. "There are so many knockoffs at this show."

Shepis expects the market to peak in the next year, then sales will slow down to a steady pace, "and you'll see a lot of shakeouts," he added.

Fournier Accessory Furniture has avoided the area altogether. Said regional sales manager Bill Delmonico, "The videogame cart is essentially a fad item. Every furniture booth is showing a model, and that's just knocking the bottom right out of prices."

The company's best business is done with multi-use microwave/TV carts, and it's left up to the dealer to decide how he wants to merchandise the units.

Among those vendors offering videogame carts were Royal Creations, with three units from \$24.95 to about \$40; Gusdorf, with two models at \$50 and \$80; Soundsign Indiana, with a TV cart/videogame center at \$129; Case Manufacturing, with a unit at \$55 retail, and Pyramid Manufacturing, with two models at \$79 each.

One of Pyramid's versions has a form-fit cutout in the tabletop to accommodate the Atari game and two joysticks. All other versions on the market accept all videogame makes.

Bush and O'Sullivan introduced their models prior to the CES.

Furniture sales will grow

The electronics furniture business will follow the hardlines business, vendors predicted.

"Customers upgrading their audio and video equipment, spending

\$1,500 and up, are going to step-up from even the highest-quality vinyl to hardwood," according to Walt Wattenberg, national sales manager, Soundsign Indiana.

The company came out with a microwave cart at \$229 suggested retail and a home entertainment center in oak or walnut. The rack audio cabinet lists for \$239, the video cabinet, \$229 and a matching horizontal piece, \$259.

While hardlines business still pulls margins of between 20 and 30 percent in most cases, furniture vendors point out that carts, entertainment centers and other pieces can generate 40 percent margins at minimum. And good-looking furniture can help the consumer see a unit displayed in a home environment.

Despite the pluses, economic reasons have caused dealers to tighten their belts and carry even less hardware inventory. "Manufacturers must convince the dealer that they are going to miss an opportunity not carrying this furniture," said Gusdorf's Shepis.

"But audio retailers, one of our main sources, are hurting in sales. Why should they add furniture inventory on top of that and take even more risks? We have to show them why," he concluded.

A couple of manufacturers are setting up dealer education and training programs to be implemented towards 1983.

Retailers trade up

Retailers came to the CES looking to trade up in price points and quality. "Our customers want higher-quality furniture when buying the systems we carry, not what is available in vinyl," noted Jim Tweenet, vice president, Magnolia HiFi and Video, Seattle.

The firm carries both the Sunrise line of hardwood oak and Gusdorf. Tweenet said that the average purchase is between \$350 and \$500. The ratio of add-on purchases with hard goods to straight furniture purchases is about 80/20. Audio and video pieces are displayed with components and systems.

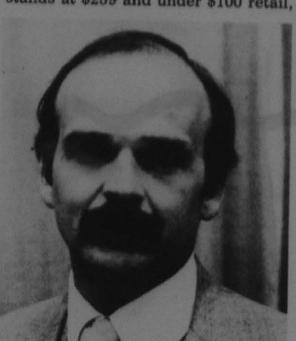
I'm looking for new suppliers and upgraded hardwood line additions. While the larger entertainment systems are being upgraded, I would like to find a quality cabinet for a 19-in. television," Tweenet added.

Mike Swenson, buyer, Sound Trek, Los Angeles, said that his customers "are looking to spend more on furniture for their components. They want more wood, but are also still attracted to better-quality vinyl." Swenson went to the show looking specifically for videogame carts that store cartridges.

A merchandise manager with a southwestern department store chain said that his audio furniture business has been running ahead of video furniture.

"When the economy becomes tight, this business becomes highly discretionary," he explained. Audio furniture moves better because the average audio system purchased at his stores runs between \$600 and \$1,000, while video still costs between \$1,900 and \$2,500; more dollars are left after audio to consider a furniture purchase.

Like the other dealers, he reported that overall furniture sales are running about even with last year. "But as the economy improves," he noted, "there will be a healthy future for this area."



GETTING EMPHASIS is furniture for the home computer market. Bush has debuted a home computer center at a \$129.95 retail, reports president Paul Bush (left). Pulaski's general sales manager, Randy Chrisley (right) says his company's unit will be ready for shipping in October and will sport a suggested list of \$499.

Texas Instruments intros Speaking Reader

(Continued from page 43)
both keystroke and basic language programmable products.

The TI-88 is the first keystroke programmable product of this thrust, he said. "It adds the capability for advanced programming to the functions of the TI-58 and TI-59," added Turner. "Users of the preceding products will find it both easy and beneficial to move to the upgraded system." Suggested retail price is \$350, with each additional constant memory expansion module \$50. Software modules are \$40.

Other new calculators include a printer display, two slide rules, two business, two solar handhelds, three peripherals for business and programmable models.

Learning aids expanded

In the learning aid category, new introductions include the Magic Wand Speaking Reader.

"Reading is the most critical skill required by beginning students," stated Pond. "Success in school is largely determined by the third grade."

"Parents read to or with children to give them a head start and supplement the school reading experience. The Magic Wand Speaking Reader has been developed to extend this important parent-child reading activity to times when the parent is not available," he said.

The "magic wand" contains an optical scanner to read bar codes, which are translated into human-like voices. The wand is connected by a flexible cord to the main unit, which houses the speaker and the microelectronics.

Computers help kids, Schaak ad maintains

MILWAUKEE—The Atari family computer: an answer to those who think they don't need one...

"It's a game to Chris & Molly. But to me, it's accelerated learning that provides the competitive edge they need at school."

Under that quote was a picture of Paul Ginther, "president of Schaak Electronics and a concerned parent."

The three-quarter page ad interspersed a long testimonial from Ginther with pictures of his enthralled children and lists of Atari educational, game and financial programs.

Some of the text's highlights included, "Atari programmed the computer so kids can learn on their own...They don't have to wait for you."

"Atari uses proven sight and sound teaching methods, just like Sesame Street."

"Children learn faster because their Atari is something no teacher can ever be: a playmate."

"Atari solved the problem of too much TV, and is helping us grow closer as a family."

"The Atari computer has a lot of practical applications for Mom and Dad too."

"Atari is giving my kids the competitive edge I never had at school," Ginther concluded. "Isn't it time to do the same for your kids?"

Schaak's Atari 400 discount price during the sale was \$379.88. Included were an Atari Basic computing language cartridge and reference manual.

The unit, designed for four-eight-year olds, will be followed by others using compatible bar codes. It will retail for \$120. Eight books, retailing at \$12, will be published this year.

Other new learning aids include two modules for Touch & Tell, one module for Speak & Spell and a new Little Professor.

Texas Instruments also announced two consumer product promotions and a rebate on the TI-59 programmable calculator.

The TI 99/4A home computer users who purchase six solid state software command modules or two software

albums between Sept. 15 and Jan. 1 will receive a free solid state speech synthesizer. Suggested retail price for the synthesizer is \$149.95.

A free subscription to the Texnet information service with the purchase of a TI RS-232 interface unit or card, a TI telephone coupler and a Terminal Emulator II software command module was also announced. Texnet is a \$100 value. The offer runs now through Oct. 16.

Starting this month, and until Dec. 31, purchasers of the TI-59 programmable calculator will receive a \$20 rebate. The suggested retail price is \$250, Turner said.



COMPUTER LITERACY will be a necessity for children and adults in the 1990s, says Bill Turner, consumer products marketing manager, Texas Instruments.

TIMEX

America's favorite watch!

NEWSLINES

PERSONAL ELECTRONICS

123QS



Odyssey named Fair's official game



Computer entries held price

LUBBOCK, TX—Thousands of eight- to 15-year-olds will participate in Texas Instruments' Computer Advantage Clubs in 24 cities across the country this summer. For \$65 per child, the club offers a Computer Awareness Program covering computer technology, programming in two computer languages, TI Logo and TI Basic, and use of solid-state software in music, education and arcade-style entertainment. The sessions, to be held through August, will include two-and-one-half hours of instruction per day for four days in an informal classroom setting. Besides the four-day program, club membership will provide a quarterly newsletter, a membership card and the club T-shirt. Parents of members will also be invited to a parents' night, where they can learn how to help their children expand their computer skills.

NEW YORK—Casio executives predict great advances in semi-conductor technology during the 1980s as ULSI (ultra large scale integration) becomes available. The remarks were made in an address before the annual Institutional Investor Conference, co-sponsored by Institutional Investor magazine and 26 other international corporations and financial institutions, by Ryoichi Soyama, managing director of Casio Computer Co., Ltd., Tokyo and John McDonald, president of Casio, Inc., Fairfield, NJ. They predicted that in a few years ultra large scale integration will be available, with memory power 100 times greater than that of today's large scale integration. The executives went on to say that by putting the ULSI to use as the brains behind new products, Casio will be able to make further startling advances during the coming years.

RICHMOND, VA—Best Products catalog showroom chain has opened a computer specialty store called the Data Base. The 4,000-sq.-ft. store sells computer hardware and software, and also rents videotapes. If successful, Data Base will be expanded into a chain of specialty shops. The Richmond store sells a broad selection of computers for hobbyists, home users, and small and large businesses. It does not carry Texas Instruments models, which are sold in Best catalog showrooms.

KNOXVILLE, TN—Odyssey videogames has been named official videogame of the 1982 World's Fair here. The exhibit is housed in a 24-ft. space in the pavilion for America's Electrical Energy Exhibit, adjacent to the United States pavilion. More than 40 different videogame titles are available for play at 15 game stations, each with Odyssey keyboard and joystick controls, and a color television monitor. Each station offers about six games, stated vice president of marketing Gerald Michaelson. Odyssey is a product of N.A.P. Consumer Electronics Corp.

CHICAGO—If you can't beat 'em...With teenagers' discretionary dollars often being used for videogame cartridges, instead of at the movies, it is really no surprise that Hollywood has entered this market. At CES, MCA, 20th Century-Fox and Paramount joined the legions of software manufacturers making their debuts. "Obviously, Universal Pictures and Universal Television have a vast library," stated MCA Video Games president James Fiedler. "Naturally, we will draw on these established properties and we will also explore new concepts for the exciting videogame market." Frank O'Connell has been named president of Fox Video Games. He formerly was senior vice president, sales and marketing, of Mattel's Electronics Division. Paramount Video and Sega Enterprises, a designer, manufacturer, distributor and operator of commercial amusement games, announced that they are entering videogame distribution under the banner of Sega Distribution. Simultaneously, the two companies and Coleco Industries announced that Coleco has appointed Sega Distribution as a distributor for all Coleco-manufactured home videogame cartridges. In addition, Atari has reached an agreement with Lucasfilm for the production of videogame cartridges. First-time videogame exhibits at CES also included CBS, CommaVid, Spectravision, Games by Apollo, Parker Brothers, U.S. Games and others. New hardware, including systems from Coleco, Emerson, Tiger Electronics, Vectrex and Atari, also added to the excitement. (See page 43.)

HOUSTON—As the Japanese enter the home computer market will prices be driven down? Will the face of the market be otherwise altered? Judging by the entries offered at the National Computer Conference, the answer is no. Most of the low-end models introduced here were really "cross-over systems" for businessmen. For example, the 64K RAM Toshiba T100 has an \$800 keyboard. The NEC PC-6000 home computer console, with 16K RAM and 16K ROM memory, starts at around \$500. Hitachi's CPU and keyboard retail at around \$3,500. One exception was the Panasonic JR-200, first glimpsed at the Winter CES. With 32K RAM built in, it will retail for around \$300 in February 1983. "We've reached another plateau in price," said Panasonic's computer product manager Dennis Reer.

PALO ALTO, CA—Hewlett-Packard Co. announced a five-point program for its calculator and handheld computer product lines at CES. Two new slim-line programmable calculators were introduced. The HP-15C includes an "unprecedented" number of math, science and engineering functions. The HP-16C is believed to be the first programmable calculator designed for computer programmers and digital-design engineers. Three HP-41 handheld computer peripherals made available include an 80-column impact printer, a video interface and an HP-IL/GPIO interface. Part two of the program is a price reduction on the HP-11C slim-line calculator, from \$135 to \$100. Dealer policy changes include a more aggressive discount schedule and the elimination of separate dealer freight charges. The firm also announced a major advertising thrust to be implemented during the fall months through university-campus and general media. To round out the fall program, additional promotional opportunities will be supplied to all distribution channels through the use of newspaper ad slicks, radio commercials and point-of-sale materials.

SUNNYVALE, CA—Atari has opened 700 factory-trained service centers in all 50 states. By the end of 1982, this network will have expanded to 1,200 service centers, said chairman Raymond Kassar. "The acceptance of Atari's products by the consumer, both in the home videogame area and in the home computer business, demanded that Atari provide the broadest range of services," Kassar said. In other news, WEA Corp. has been appointed a non-exclusive, national distributor of Atari videogames and game cartridges to free-standing recorded music outlets. WEA is the domestic distribution arm of Warner Bros.' record labels.

CES PERSONAL ELECTRONICS PRODUCTS

Cobra introduces telephones, answerers and two CB radios

CHICAGO—Dynascan's Cobra Communications Division has unveiled a new line of "Mini-phones" and a new short-range telephone. It has also broadened its telephone answering system line with three lower-cost, fully featured models. Two mobile CB radios also debut.

The cordless phones are one third the size of standard Cobra phones. The "highly styled" line's low end is the CP-110S, at a suggested list price of \$199.95. Features include remote handset charging capability, one-way paging from base unit, automatic last-number redial and a mute button.

The CP-120S has a full intercom function, permitting two-way communications between remote handset and base, plus a hold switch on the base unit. In addition, the CP-120S incorporates a memory for automatic dialing of up to nine telephone numbers, plus auto redial. Suggested list is \$219.95.

The CP-140S combines a cordless with wired phone. The system consists of two handsets and a base. According to Cobra, the big advantage of such a system is that it permits easy replacement of a utility-owned phone—eliminating monthly rental charges—in addition to providing a versatile cordless phone extension.

Since the system uses the CP-210S cordless phone with two-way intercom, having the second wired phone provides full capacity for use of intercom without need for a utility-owned phone at the base. The unit includes a wall holster and a remote charger at a suggested \$269.95.

Phone-Mate intros two Roam Phones, teleconsole, beeperless remote answerer

TORRANCE, CA—Phone-Mate's RoamPhone family has grown to five "smart" handsets. In addition, a beeperless remote answerer and a teleconsole have debuted.

The new star of the RoamPhone line is the IQ 1140 dial/talk & receive cordless telephone, Phone-Mate said. It has a built-in 10-number automatic dialer, digital clock and call timer. The suggested retail is \$199.95.

Another new model, the IQ 1121 is a touchtone dial/talk & receive cordless telephone. The suggested retail is \$139.95. For non-touchtone areas, Phone-Mate still offers the IQ 1120 model with pushbutton dialing and rapid-dial.

Featuring beeperless remote message retrieval is telephone answerer model 940. The user can interact with it by pushing a button on any touchtone telephone. In non-touchtone areas, a special beeper can be used to activate the 940's remote function.

The 940 is also voice-activated, so it stops recording when the caller stops talking. This eliminates long pauses between messages. And, it recognizes a "hang up" and shuts off, instead of recording a dial tone. The suggested retail price is \$229.95.

The IQ 1400 Teleconsole has space-saving styling. Its features include a 20-number memory dialer, speaker phone with two memory automatic redialing functions and a built-in telephone receiver for private conversations.

Phone-Mate, 325 Maple Ave., M, Torrance, CA 90503.

These phones have an advertised range of 600 feet. With a range of 100 feet, the low-cost model CP-99S lists for \$129.95. It is designed to replace conventional wired phones used in the kitchen.

The keypad is on the handset, and there is no visible antenna. It can be wall-mounted or rested on any flat surface.

The three new telephone answerers are dual-cassette types with pushbutton controls. All have automatic level control when recording. Monitoring of incoming calls, variable length outgoing message and a choice of two or four rings are also featured.

Prices for the new models are: AN-3100, \$99.95; AN-3150, \$119.95; AN-3200, \$149.95.

The AN-3150 and AN-3200 offer VOX and automatic shut-down on hang-up. The deluxe model AN-3200



Cobra CP-140S system

also features a key for remote retrieval of messages by telephone. All are said to be compact, low-profile models styled to blend with interior decor motifs.

Two new mobile CB radios were also introduced. Described as the lowest-priced model ever in the line, model 18LTD mobile carries a list price of \$69.95. A step-up model, the 20LTD, replaces the 19LTD and lists at \$89.95.

Cobra Communications Product Group of Dynascan Corp., 6460 W. Cortland St., M, Chicago, IL 60635.

SciSys game has eight sensor levels

NEW YORK—SciSys Computer has introduced Chess Companion, an eight-level sensor-type chess computer with a suggested list price of \$115. It is the most powerful sensor chess computer at its price point, according to SciSys.

Chess Companion can suggest and take back moves, play black or white, play against itself, change sides and levels of play during a game, and solve mate in four problems. It recognizes castling, en passant captures and pawn promotion, as well as all draw moves.

Chess Companion can suggest and take back moves, play black or white, play against itself, change sides and levels of play during a game, and solve mate in four problems. It recognizes castling, en passant captures and pawn promotion, as well as all draw moves.



Phone-Mate IQ 1140

Wiretapping stopped with Phone Guard

PHOENIX—Mountain West offers Phone Guard to ensure privacy on the telephone. A red light alerts the user to bugs or wire taps on the line. To



Phone Guard

A special key enables the user to program game opening variations, but illegal moves are not accepted. The sensor board's coordinate LEDs automatically verify all openings as well as piece positioning throughout the game.

SciSys Computer Inc., One World Trade Center, Suite 86097, M, New York, NY 10048.



SciSys Chess Companion

U.S. Tron introduces two-line melody phone

CHICAGO—The DJ-2H two-line telephone from U.S. Tron gives homes with two telephone lines access to three-way conversations and conference calling.

Other features include melody-on-hold, auto redial, on/off ringer switch and a 12-ft. cord. The suggested retail price is \$99.95.

U.S. Tron, 125 Wilbur Pl., M, Bohemia, NY 11716.

Wiretapping stopped with Phone Guard

install, the phone's mouthpiece is replaced with Phone Guard. The device retails for \$49.95.

Mountain West, 4215 N. 16th St., P.O. Box 10780, M, Phoenix, AZ 85064.

Mid-America Plastics album stores videogames

RESEDA, CA—A library storage album holds four videogame cartridges. Designed for the Atari, Mattel and Odyssey systems, the Gameplan album is dust proof and has a clear plastic label on the spine for easy identification.

Game booklets and playing cards are stored inside the covers for quick access. The \$4.95-suggested-retail album is constructed of leather-like vinyls.

Panasonic calc has verbal clock/alarm

SECAUCUS, NJ—A talking calculator that also functions as a verbal clock/alarm has been introduced by Panasonic, along with several other additions to the line.

Eight-digit LCD readout calculator model JE-721U calls out the numbers entered into the calculator so that the operator is sure his answers are correct, and it verbalizes the answers as they appear on the display.

The JE-721U also functions as a clock, alarm clock and stopwatch. It can verbally announce each hour or the time when a button is pressed. A special countdown feature can be used as a reminder system: when the set time has elapsed, a beep will sound and the time will be announced. The suggested list price is \$79.95.

The first handheld calculator with histogram plotting capability has also been introduced, Panasonic said. Model JE-611 has a compact inboard printer that prints bar graphs as it carries out over 38 scientific/statistical functions. The suggested price is \$89.95.

Clock/calculator model JE-329U combines a calculator with an alarm clock and a 199-year calendar. This compact model has an eight-digit LCD display, three-key memory and percent function and retails for a suggested \$34.95.

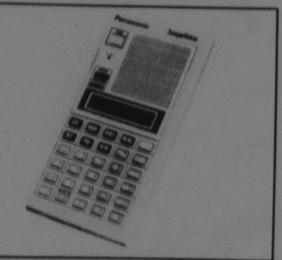
Solar-powered model JE-3262U requires only 120 lux, 40 percent less light than previous Panasonic models. Housed in a compact-style metal case with silver mirror finish, it retails for \$19.95.

Another solar model, JE-363U, minus the compact-style case, retails for \$14.95.

A slim calculator with memory storage protection, JE-351U has grey keys that contrast with the black case. It is available in a blister pack or box at \$9.95.

In addition, a new series of pocket calculators offers a gold finish and soft-cover carrying cases. The new calculators are durable, Panasonic said, with all-metal cabinets. They are available in three different sizes.

Panasonic, One Panasonic Way, M, Secaucus, NJ 07094.



Panasonic JE-721U

Mid-America Plastics Corp., 6860 Canby #119, M, Reseda, CA 91335.

Gameplan album

Gameplan album

NEWSFEATURES

Cut-rate pricing is unfair: Miller

(Continued from page 75)

factor) shouldn't place quite that much reliance (on his stated policy) because I have other commissioners. While the commission is groping towards...a feeling that vertical price arrangements may be pro-competitive in certain instances, I can't deliver on that."

However, where new cases are concerned, Miller said the FTC is "going to be very reluctant to bring cases far enough along so that they will come before the commission where the evidence is pretty strong that what they were doing is pro-competitive in nature."

Discounters beware

Miller believes that discounters who sell a brand name product at cut-rate prices without providing p-o-s service are "free-riders" and are "cheating on the system."

He pointed out that manufacturers often rely on p-o-s service to minimize after-the-sale costs. It's unfair, he said, for a consumer to purchase a product from a no-service outlet and then demand that the manufacturer back it up.

"This is sort of cheating on the system," said Miller. "They will go out and bad-mouth a company's appliance when the company's whole delivery system is based on p-o-s service maintained through resale price maintenance."

Miller doesn't like the idea of customers going into a full-service store, spending time obtaining complete information about a product, and then going to a cut-rate competitor.

tor to purchase the merchandise. To some extent, that view comes from his days as a sales clerk.

"I've seen people come in, I've showed them a lot and they've said, 'well, thank you, I'll think about it.' And I'll bet you a lot of those people walked out and bought it from some discount place," he said.

Miller's views dovetail with those held by his counterpart in the Department of Justice, assistant attorney general William Baxter.

Given that fact, it is unlikely that much priority will be given to looking into charges that specific cases of resale price maintenance are anticompetitive and in violation of the antitrust laws.

At both the FTC and Department of Justice, such investigations will have low priority.

Videogame ad shouts: buy three, get one free

MILWAUKEE—"Save on Video Games," read the copy for a recent Musicland ad in the Milwaukee Journal. "Buy any three game cartridges, get one FREE!"

The free game cartridges had to be equal to or lesser than the value of the lowest-priced cartridge purchased. Both the Atari and Mattel systems were featured, with hardware priced at \$138.99 and \$248.99.

"Sales were tremendous," according to the manager of one store in the four-unit chain. Cartridge sales more than doubled, she said.

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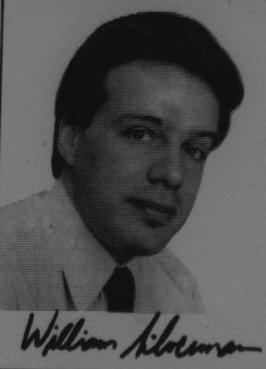
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TRENDINGS IN PERSONAL ELECTRONICS



Radio Shack weathers storm with its good business sense

The recession continues, but people are still selling consumer electronics. Too many retailers, however, have found that only through deep discounting can they hope to maintain sales volume. There has to be a better way.

Hoping to learn some of the secrets of industry leader Radio Shack's success, *Merchandising* recently visited vice president of merchandising Robert Miller at Tandy Corp.'s headquarters in Fort Worth, TX. Miller has been with Radio Shack for three

years; he was formerly director of marketing for Sharp Electronics in New Jersey.

"Yes, we have some sales, but we owe it to ourselves and our employees to make sure this is a profitable company," Miller stated. "It looks like many consumer electronics people have never learned that. If you make a 20 percent profit," he added, "how do you run a store on an 18 percent floor plan, while still paying rent and other overhead? People can't, and are closing up."

"If you can't sell price, sell service," Miller suggested. "Give the customer a reason for buying. Consumers are not that foolish as to forgo service."

Partly thanks to the fact that U.S. Radio Shack manufactures about one half of its products, the company's gross profit as a percentage of sales approaches 60 percent.

Although retailers cannot usually follow similar strategy, there are other reasons for the 6,400-store chain's success that bear repeating.

Customer always right

"Our company philosophy is 'the customer is right,' and we try like the devil to make sure the customer is satisfied," the 39-year-old executive stressed.

"If the store manager can't, the district manager is supposed to; then the regional manager, and the divisional v.p. God help the store manager if it comes to any of the executive staff," Miller said. "We will satisfy the customer and it may not be the least expensive way to do it."

The repeat customer is Radio Shack's "lifeblood," and salespeople are trained that way, he said. The customers, in turn, become "lifelong friends."

Each store manager gets an hourly wage, plus bonuses based on the profit of the store. "The bottom line is profit. Volume means nothing without profit," Miller reiterated. Based on performance in such areas as creating good will, service, maintaining stock and personnel, "the guy who does things right writes his own ticket." On the other hand, "rotten eggs cast their own destiny."

A well-managed company

At the highest levels, too, Miller said, "this is a well-managed company—it's not done with endless meetings. Often, large decisions are made very quickly with a minimum number of people involved. It's a young company—the future chairman is 42. We think young, and we think big."

Three buyers have been with Allied/Radio Shack for 20 years, while all new buyers come from the store manager group. A no-frills approach (everyone answers their own phones) "saves money, stops the waste of time and is the way a business should be run. This is a lean company; there is no secretary for each person," Miller said. "Ten people are buying all the merchandise in the catalog besides computers. There are no assistant buyers."

Buyers tell the advertising people what they want and approve copy all the way down the line. This attention really pays off when seen in the constant stream of Radio Shack flyers, inserts, and newspaper and magazine ads. Some radio and TV ads also air, primarily at Christmas.

"We inundate the customer with regular advertising," Miller continued. "A campaign is a whole lot better than the shotgun approach many retailers use. If you're in there, the customer never knows if you have something." Every kind of product appears in the flyers, he added.

All this makes good business sense. Partly as a result, "virtually all of our business is growing," Miller said, along with profits.

Here's hoping that in the months ahead more administrators can say the same thing, with or without an end to the recession.

WHEN YOU'RE TALKING PHONES AND PROFITS—MIDLAND IS THE INTELLIGENT CHOICE!

- 3 New Cord-Free™ Models
- 3 New Plug-In Modular Models

Midland phones give you the best of both worlds — An exciting new 3-model Midland Cord-Free™ line with retail prices starting as low as \$119.95. Midland is also introducing a 3-model plug-in modular phone line with suggested retail prices starting as low as \$34.95. Midland's Cord-Free™ line has short-range (60 ft.) to long-range (600 ft. from base) models with the most-wanted features plus memory dialing and full intercom capability. And that's just half the story.



Midland's three outstanding plug-in modular decorator telephones are designed to meet your customers' needs in each retail price category. They feature miniaturized, modern decorator styling with these most-wanted features: automatic redial; privacy hold button; 10-memory dialer plus true touch-tone dialing.

The Midland 6-model phone line represents outstanding value. You know the traditional Midland quality story. Combine it with the very latest state-of-the-art technology and design for famous Midland reliability. Back it up with Midland's limited one-year warranty, on-time delivery and expert service.

Midland supports you with a world of advertising and promotional materials. Eye-catching, 4-color packaging, spec sheets, point-of-purchase display materials, newspaper ads and radio scripts, sales aids, just to highlight a few.

The new Midland phone line of Cord-Free™ and Plug-in models means a world of profit opportunities for you, and puts Midland in a class by itself in the rapidly expanding phone market. That's why Midland is The Intelligent Choice.

Write Midland Consumer Products Marketing Dept. 163, Midland International Corporation, 1690 N. Topping, Kansas City, Missouri 64120 or call 800-821-8534.

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WITH THE
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and
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TO BE USED WITH
JOYSTICK CONTROLLERS
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TO BE USED WITH
JOYSTICK CONTROLLERS
WITH THE
Video Computer System™ by Atari

SPACE CAVERN™

VIDEO GAME

TO BE USED WITH
JOYSTICK CONTROLLERS
WITH THE
Video Computer System™ by Atari
and
The Sears Tele-games System

RACQUETBALL™

will have you ducking the ball as it soars and bounces off six surfaces in a 3-D court. You'll be ready for the showers after your very first game!

LOST LUGGAGE™

pits you, the weary traveler, against an airport baggage carousel gone haywire. Catch those suitcases before they hit the floor!

SHARK ATTACK™

VIDEO GAME

TO BE USED WITH
JOYSTICK CONTROLLERS
WITH THE
Video Computer System™ by Atari
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The Sears Tele-games System

SPACE CAVERN™

is a battle between you, the space explorer, and hideous, deadly monsters on a mysterious planet in an uncharted galaxy.

SHARK ATTACK™

(formerly LOCHJAW) is under-

water terror! Evade sharks and claim the glittering sunken treasure.

But watch out for the monster lurking in the depths!

Games by Apollo. One of the fastest moving companies in the video games industry. We've already developed and delivered six state-of-the-art games for the Atari® Video Computer System,™ and more are on the way. Fast moving game action, innovative concepts and dramatic graphics make our games challenging and exciting. On-time deliveries, heavy advertising and strong dealer support make Apollo games fast movers off your shelf, and that means fast, steady profits for you.

So if you're ready for life in the fast lane, travel with Games by Apollo.
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Few Consumer Electronics Products Are Expected To Live Up To Past Rates Of Growth

Consumer electronics products appear to be arranging themselves into two camps this year—those with the youth or the strength to power themselves through the deepest recession since World War II and those that are either too old or just too tired to buck the economic trends that signal little if any growth for 1982.

In this Eighth Annual Electronics Statistical & Marketing Report, *Merchandising* turns to the manufacturers and polls them on their outlook for the year as a whole. How is it all going to turn out after that crucial fourth quarter is over? That's the information we seek each July.

As the magazine went to press, economists were beginning to hedge their projections for a late-summer end to the recession. And the manufacturers themselves appeared to be exercising caution as well. Few products were expected to register the rates of growth that the industry has become accustomed to in the past.

By and large, those products that will do well this year are ones that have been introduced recently and have managed to generate a spark of interest among jaded consumers who do not have the disposable income to try every new toy that comes along.

percent the year before. Videodisc players, expected to register a 108.1 percent growth in shipments this year, were not tracked last year.

ELECTRONICS FURNITURE: This category is being tracked for the first time this year, so no comparisons with previous years are possible.

PERSONAL ELECTRONICS: Videogames, the manufacturers report, should blast in with a 115.5 percent jump in shipments this year compared with an increase of just under 43 percent the previous year. Personal computers are expected to register 127.8 percent growth compared with 60.9 percent in 1981. Electronic

AUDIO: Audio components are projected to register a 3.2 percent drop in shipments for 1982. This compares with a dip of 2.7 percent the year before. Console stereo, which showed a 4.2 percent decline in 1981, does not show up in the statistics at all this year with manufacturers reporting figures so low as to defy accurate tracking. Compact systems also suffered. Shipments are expected to drop 16.8 percent for 1982 compared with a 9.3 percent dip for 1981. Autosound, on the other hand, should show a 7.3 percent jump in shipments for 1982. This compares with a 4.8 percent rate of growth from 1980 to 1981. Overall, radios should slip 2.3 percent this year compared with a 3.2 percent increase for the previous year. Finally, portable tape units (not including personal portables, which proved too elusive to track) should turn in an overall 6.1 percent dip in sales this year compared with an 18.7 percent increase the year before. It must be noted, however, that this figure does not illustrate the explosive "boombox" category. On its own, this product is expected to register a growth in shipments of 24.6 percent this year. This follows 29.1 percent growth from 1980 to 1981.

EIGHTH ANNUAL ELECTRONICS STATISTICS & MARKETING REPORT

Videogames and home computers are among the most obvious winners. The new generation of video gear, electronics furniture and portable tape products are also doing well. Those hurting include most other audio products, black and white TV's and non-video electronic games.

A category-by-category look to compare projected growth for 1982 with reported growth for 1981 shows:

VIDEO: Color TV's are predicted to make a minuscule gain of 0.8 percent this year compared with a growth rate of 3.7 percent last year. Black and white TV shipments are expected to be off 3.3 percent compared with a 6.2 percent decline the previous year. Projection TV's should register 16.5 percent growth compared with a growth rate of almost 42 percent in 1981. VCR shipments should be up 49.8 percent compared with a 65 percent rate of growth the previous year. And video camera shipments are expected to jump 77.4 percent this year, up from 62

games, it is predicted, will drop 17.8 percent compared with a 16 percent decline the year before. Phones, another winner, are expected to post a 28.6 percent rate of growth for 1982 compared with 19.4 percent for 1981. Phone answerers should grow 23.1 percent compared with 20.4 percent the year before. Calculators should register a small rate of growth, 4.4 percent, compared with 6.6 percent in 1981. Digital watches, it is predicted, will grow by 3.3 percent compared with 11.5 percent the year before. Finally, radar detectors should register a significant 12.2 percent growth rate compared with an 11.6 percent jump in shipments between 1980 and 1981.

SOFTWARE: In this category, blank audiotape is projected to register a five percent rate of growth by the time 1982 is tallied. This compares with a 0.7 percent increase in the previous year. Blank videotape should fare better. An overall rate of growth of 43.3 percent is predicted for 1982. However, this compares with a 74.4 percent growth rate the year before. Prerecorded videocassettes should grow by 35.1 percent in 1982 compared with a growth rate of 64 percent from 1980 to 1981.

All in all, the health of the consumer electronics products tracked in this survey is uneven. There are some big winners and an almost even number of major losers.

Merchandising will take a final look back at full-year 1982 in the March 1983 issue. A year from now, projections will be made for 1983. By then, it is hoped, a full-scale recovery will have turned some of these figures around—and even the strong products will be stronger.

—Lee Rath
editor

C O N T E N T S

VIDEO	19, 22	PERSONAL ELECTRONICS	24, 26	SOFTWARE	31
ELECTRONICS FURNITURE	22	AUDIO/HIFI	28, 30		

STATISTICAL MATTER for this survey was collected and compiled by Selma Book, market research manager, and Roberta Janasz, research associate.

Videogames Shine In 1982 With Five Million Units Expected To Be Shipped

Videogames are emerging as the brightest star of the personal electronics galaxy, surging ahead in sales at an incredible rate.

Substantially more than five million are predicted to reach retailers this year, more than double 1981's total. Videogame cartridges—including games from 10 or more new suppliers—should total about 61 million, an increase of 25 million units.

On the darker side, downward pressure on prices for videogame hardware has accelerated to include most types of retailers. And some who never had to worry about cartridge profit margins now have to keep a close eye on the competition.

Reasons include the expensiveness of the consoles—which are often bought as a gift or a toy—and the proliferation of software suppliers and outlets. Most videogame business continues to take place at discount, catalog chain, department and catalog showroom outlets, however.

The rapid influx of hardware and software suppliers has varied roots. While most would like to be around for the long term, others probably want to make a quick buck.

As far as retailers are concerned, there is little sense in taking the time and effort to stock games that represent "first-generation" play value. Indeed, with "third-generation" hardware due momentarily, consumers will be even less likely to settle for unsophisticated graphics or game play.

And it is precisely the less-sophisticated type of game that can suffer the biggest drop in margin. Some dealers have even sold early games at a loss, just to free up open to buy.

Most retailers hope that the category will stabilize next year, and believe that videogames will remain strong for at least several more years. Some have also hedged their bets by taking on home computers, which have already shown unexpected strength.

Computer Shipments Soar

The latest factory shipment figures indicate that about 1.36 million will be shipped this year, compared with 597,000 in 1981.

Of course, sell through is another matter. Still unproven is whether general merchandisers can successfully "sell a box," although increasing numbers have found the answer to be "yes."

A surprising number of large discount store chains will be among those retailers getting a firmer indication during the Christmas season.

For retailers who want to establish a real presence in home computers, a better strategy might be to acquire the manpower, space and expertise needed to offer software, peripherals, advice and other services.

With hardware profits continuing to slip, this already makes bottom line sense. One idea that might be considered by some stores could be to place one person in charge of both videogames and computers.

According to suppliers, sales of personal computers by intended use have substantially shifted toward the home. The market among schools has remained constant. One reason could be a lack of funds; in any case, most are sold directly by the manufacturer.

The under-\$500 price category has become dominant, with most other ranges losing sales. Whether home computers appeal to game players, concerned parents or a different category of buyers in the future, their potential has to be regarded as very promising.

Electronic game factory shipments continue to slide, though both handheld and strategy volumes must be regarded as substantial. Most of the handheld, or self-contained, action has been in arcade-theme games. Innovations aimed at appealing to more adept chess players represent a trend among electronic chess game manufacturers (see page 33).

Phone Sales Heat Up

In the telephone category, the home ownership revolution so far shapes up as an evolution, although the proposed AT&T-Justice Department settlement has speeded things up a bit.

Both standard and cordless phones have gained, as have the advanced chip-based models. Indications continue to show that the real comer will continue to be the cordless phone.

EIGHTH ANNUAL ELECTRONICS STATISTICS & MARKETING REPORT

PERSONAL ELECTRONICS

Meanwhile, as prices have come down, telephone answerers have grown in appeal. For both telephones and answerers, increased unit volume has allowed suppliers to launch more consumer advertising, which has in turn again increased volume. Retailers hope this cycle continues.

Factory shipments of calculators remained basically flat. Still, many retailers told *Merchandising* they have increased their calculator business and its profitability. The key has been merchandising mix adjustments.

Handheld programmable units offer the best markup, for instance (37.1 percent, according to dealers contacted earlier this year). Factory shipments have increased by over 15 percent.

The larger scientific category also continued to grow, by 9.2 percent to over 4.7 million units. Strongest gainer in the handheld category continues to be the printer, with shipments up 67 percent to almost 1.4 million units.

Total handheld sales to dealers now approach 25 million units a year, a slight gain. Desk-top shipments have topped 4.5 million, also a small increase, with printer/display models generating 2.82 million units of that business.

Digital Watches Hang On

One surprise in the digital watch category is the product's continued viability in the face of various forecasts of a swing back to analog watches; shipments should edge past 24 million units this year. Another is the reluctance of women to accept models that were expected to appeal to them.

These watches have become smaller, slimmer and more highly styled—just the ingredients thought needed to increase the women's share of market. But since men's models still account for nearly three out of four models sold, vendors' plans have been adjusted accordingly.

Another surprise in personal electronics has been the rapid switch in consumer preference to super-heterodyne radar detectors. A year ago, 156,000 of these units were shipped. Now that has increased to 281,000, roughly an 80 percent jump in one year. Passive sales have decreased by about 17 percent, to 300,000. But thanks to the super-heterodyne explosion, overall sales to dealers have risen 12.2 percent to 581,000 units.

In retrospect, the change could almost have been expected. After all, the personal electronics charts show videogames up 115.5 percent, personal computers jumping 127.8 percent, and gains in several other categories. Advances in consumer electronics continue to improve their value, and consumers know it.

And if the recession shows signs of ending soon, Christmas business could also show a substantial improvement over last year, retailers hope.

—William Silverman
senior associate editor

PERSONAL COMPUTER TOTAL FACTORY SHIPMENTS			
	1982	1981	
	% of Change		
Personal Computers	1,360,000	597,000	+ 127.8

PERSONAL COMPUTER SALES BY INTENDED USE		
	1982	1981
Business/Professional	44%	56%
Personal/ Home	41%	28%
School/Education	15%	16%

PERSONAL COMPUTER SALES BY TYPE OF OUTLET		
	1982	1981
Appliance/TV Store	5%	5%
Audio/Hifi Specialty Store	5%	5%
Catalog Showroom	6%	4%
Catalog Store (Sears, Penney's, etc.)	5%	5%
Computer Specialty Store	45%	44%
Department Store	5%	6%
Discount Store	3%	2%
Electronics Specialty Store (Radio Shack, Lafayette, etc.)	21%	20%
Hobby Shop	4%	3%
Others	1%	6%

PERSONAL COMPUTER SALES BY PRICE RANGE		
	1982	1981
Under \$500	25%	5%
\$500 - \$800	12%	18%
\$801 - \$1,000	12%	15%
\$1,001 - \$1,500	23%	32%
\$1,501 - \$2,000	8%	5%
Over \$2,000	20%	25%

VIDEOGAME TOTAL FACTORY SHIPMENTS			
	1982	1981	
	% of Change		
Videogames, total	5,390,000	2,501,000	+ 115.5
Non-Programmable	200,000	442,000	- 54.8
Programmable	5,190,000	2,059,000	+ 152.1
Videogame cartridges	61,000,000	36,000,000	+ 69.4

CONTINUED ON PAGE 26

**VIDEOGAME
SALES BY TYPE OF OUTLET**

	1982	1981	% of Change
Appliance/TV Store	8%	9%	-1%
Audio/Hifi Specialty Store	5%	4%	+25%
Catalog Showroom	12%	13%	-8%
Catalog Store (Sears, Penneys, etc.)	17%	16%	+6%
Department Store	16%	17%	-6%
Discount Store	23%	27%	-14%
Electronics Specialty Store (Radio Shack, Lafayette, etc.)	3%	3%	0%
Toy Store	12%	9%	+33%
Video Specialty Store	3%	1%	+200%
Others	1%	1%	0%

**ELECTRONIC GAME
TOTAL FACTORY SHIPMENTS**

	1982	1981	% of Change
Electronic Games, total	13,593,000	16,539,000	-17.8
Handheld	10,593,000	12,800,000	-17.2
Board (strategy)	3,000,000	3,739,000	-19.8

**ELECTRONIC GAME
SALES BY TYPE OF OUTLET**

	1982
Book Store	2%
Catalog Showroom	17%
Catalog Store (Sears, Penneys, etc.)	24%
Department Store	14%
Discount Store	13%
Electronics Specialty Store (Radio Shack, Lafayette, etc.)	6%
Hobby Shop	4%
Toy Store	19%
Other	1%

**PHONE AND PHONE ANSWERER
TOTAL FACTORY SHIPMENTS**

	1982	1981	% of Change
Phones, total	4,057,000	3,155,000	+28.6
Standard	1,236,000	1,090,000	+13.4
Decorator	1,339,000	1,284,000	+4.3
Advanced Electronic	463,000	359,000	+29.0
Cordless	1,019,000	422,000	+141.5
Phone Answerers	858,000	697,000	+23.1

**VIDEOGAME
SALES BY TYPE OF OUTLET**

	1982	1981	% of Change
Appliance/TV Store	8%	9%	-11%
Audio/Hifi Specialty Store	5%	4%	+25%
Catalog Showroom	12%	13%	-8%
Catalog Store (Sears, Penneys, etc.)	17%	16%	+6%
Department Store	16%	17%	-6%
Discount Store	23%	27%	-14%
Electronics Specialty Store (Radio Shack, Lafayette, etc.)	3%	3%	0%
Toy Store	12%	9%	+33%
Video Specialty Store	3%	1%	+200%
Others	1%	1%	0%

EIGHTH ANNUAL ELECTRONICS STATISTICS & MARKETING REPORT

PERSONAL ELECTRONICS

CONTINUED FROM PAGE 24

**PHONE
SALES BY TYPE OF OUTLET**

	1982	1981	% of Change
Appliance/TV Store	6%	4%	+50%
Audio/Hifi Specialty Store	4%	4%	0%
Catalog Showroom	15%	13%	+14%
Catalog Store (Sears, Penneys, etc.)	14%	16%	-12%
Department Store	14%	16%	-12%
Discount Store	18%	19%	-6%
Phone Specialist	19%	20%	-5%
Other	10%	8%	+25%

**PHONE ANSWERER
SALES BY TYPE OF OUTLET**

	1982	1981	% of Change
Appliance/TV Store	3%	2%	+50%
Audio/Hifi Specialty Store	3%	2%	+50%
Catalog Showroom	9%	9%	0%
Catalog Store (Sears, Penneys, etc.)	14%	16%	-12%
Department Store	29%	31%	-6%
Discount Store	30%	29%	+3%
Office Supply Store	4%	2%	+100%
Phone Specialist	7%	8%	-12.5%
Other	1%	1%	0%

**CALCULATOR
TOTAL FACTORY SHIPMENTS**

	1982	1981	% of Change
Calculators, total	29,503,000	28,260,000	+4.4
Handheld, total	24,905,000	23,905,000	+4.2
Mini-Card	2,398,000	2,760,000	-13.1
Printer	1,376,000	824,000	+67.0
Programmable	122,000	106,000	+15.1
Scientific	4,767,000	4,367,000	+9.2
All other	16,242,000	15,848,000	+2.5
Desk-Top, total	4,598,000	4,355,000	+5.6
Display Only	904,000	915,000	-1.2
Printer Only	874,000	1,123,000	-22.2
Printer/Display	2,820,000	2,317,000	+21.7

**CALCULATOR
SALES BY TYPE OF OUTLET**

	1982	1981	% of Change
Appliance/TV Store	3%	4%	-33%
Book Store	1%	1%	0%
Catalog Showroom	13%	12%	+8.3%
Catalog Store (Sears, Penneys, etc.)	22%	23%	-4.3%
Department Store	10%	11%	-9.1%
Discount Store	32%	30%	+6.7%
Electronics Specialty Store (Radio Shack, Lafayette, etc.)	4%	4%	0%
Office Supply Store	8%	9%	-11.1%
Others (including Drug Stores)	7%	6%	+16.7%

**RADAR DETECTOR
TOTAL FACTORY SHIPMENTS**

	1982	1981	% of Change
Radar Detectors, total	581,000	518,000	+12.2
Super-heterodyne	281,000	156,000	+80.1
Passive	300,000	362,000	-17.1

**RADAR DETECTOR
SALES BY TYPE OF OUTLET**

	1982	1981	% of Change
Appliance/TV Store	1%	1%	0%
Automotive Supply Store	16%	16%	0%
Catalog Showroom	19%	16%	+18.8%
Catalog Store (Sears, Penneys, etc.)	9%	9%	0%
CB Specialty Store	13%	13%	0%
Department Store	3%	3%	0%
Discount Store	17%	17%	0%
Truck Stop	14%	18%	-28.6%
Electronics Specialty Store	5%	4%	+25%
Others	3%	3%	0%

**DIGITAL WATCH
TOTAL FACTORY SHIPMENTS**

	1982	1981	% of Change
Digital Watches, total	24,366,000	23,595,000	+3.3
Men's	17,747,000	17,163,000	+3.4
Women's	6,619,000	6,432,000	+2.9

**DIGITAL WATCH
SALES BY TYPE OF OUTLET**

	1982	1981	% of Change
Catalog Showroom	15%	16%	-6.7%
Catalog Store (Sears, Penneys, etc.)	19%	20%	-5%
Department Store	22%	22%	0%
Discount Store	25%	25%	0%
Drug Store	9%	7%	+22.2%
Jewelry Store	10%	10%	0%

Merchandising

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PERSONAL
ELECTRONICS

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It's lucky that videogames sometimes sell themselves!

By Deborah Cromer, field editor

LOS ANGELES—It's lucky for retailers that videogames are riding high on the crest of public demand and brand recognition, because if the sale of these products depended upon sales technique then several Los Angeles-area stores would be sitting on dead inventories.

Merchandising's mystery shopper recently visited eight stores in the trading area. In only four of the operations did salespeople attempt to sell her a videogame.

At the remaining outlets, employees did little more than direct the shopper to the display location. Even in the more impressive presentations there was a major flaw: not one salesman asked for the sale.

The shopper's story was the same in all cases. She didn't know anything about this electronic fad, but she felt it might be a good investment to keep her 10-year-old son from spending his allowance at the corner liquor store's video arcade. Additionally, she was interested in the educational aspects of the product.

The stores visited on the shopping trip included a department store, drug/home center, catalog showroom, video specialty store, stereo outlet, record shop and discount

games or do you want to be able to teach your son a foreign language and to maintain your household records?"

When she replied that her initial intention was to keep her son from spending his allowance at the local video arcade, the department store salesman advised her to view the purchase as a long range move, one that would benefit both the shopper and her son beyond game playing. He gave a quick run down of three videogames, and then quickly directed the shopper to a home computer with videogame-playing capability. The presentation was thorough and informative, and included a 15-minute mini-lesson on Basic programming.

In the other stores that stocked both home computers and videogames, the sales presentations on the stand-alone units varied from little to none. Upon hearing her story, the video specialty salesman did not even show her the games, which were clearly displayed. Instead, he directed his conversation to the financing available for the higher-ticket item and emphasized the enhanced value of the home computer system.

Even though two locations carried the Atari 800, the upgrading effort stopped with the model 400. The



the price differences between the various models. The most common response to her question was "more sophisticated electronics." However, this higher level of technology was never equated with benefits.

Upgrading the videogames was not encouraged either. Although most salespeople acknowledged that both Atari and Mattel were testing computer interfaces to these units, no one saw that as an immediate possibility. One salesman simply made the bold statement to the shopper that in the end it would cost approximately \$1,000 to upgrade to the home computer.

Several salesmen also tended to neglect in-house merchandising tools which could have prompted a game sale.

The shopper believed that since manufacturers have invested heavily in consumer advertising and sales incentives, the salesmen would be anxious to capitalize on these freebies to close a sale. But in fact, she found the reverse to be true. Some of the stores she visited had highly visible displays on the Atari jacket giveaway and the Intellivision rebate, but not one salesperson mentioned them as incentives to buy.

Sales efforts flawed

Even in the most impressive sales presentations there were flaws. The most noticeable, the shopper found, was the failure to ask a fundamental question—no one asked for the sale. In fact, most salespeople encouraged her to come back with her son and let him make the decision. The closest anyone came to closing the sale was the salesman at the stereo outlet who said he would give the shopper an \$8 reduction on the sticker price if she came back to buy.

Four stores made no effort to sell the product beyond just putting it on

(Continued on page 39)



DON'T COUNT ON videogames to sell themselves, or you might discourage consumers like our mystery shopper. Another risk is missing out on upgrading customers to computers.

house as well as a self-serve toy store. Eight locations carried the Atari Video Computer System, and all but the drug center carried Intellivision. Only two locations carried Odyssey². Home computer systems were part of the product mix at three locations: two had both Atari 400 and 800; one had Commodore's VIC-20.

Hardware and software prices fluctuated from outlet to outlet.

The strongest sales pitches included a hands-on presentation geared to upgrade the purchase to a home computer with videogame-playing capability over the less expensive stand-alone game. Display location, convenient demonstration areas and visible point-of-purchase materials enhanced the effort.

Determine intended use

In four operations, the shopper was immediately asked by salespeople what she intended to use the unit for. But before she could answer, she was also asked, "Do you want to just play

mystery shopper was advised that her needs did not warrant the added expense.

The sales pitch for the Atari and Intellivision was consistent at all locations. Salesmen noted that the Atari's main advantage was the breadth of space-age games commonly found in the video arcades. Intellivision, on the other hand, was credited with better picture resolution on sporting-oriented games. Single-play with joysticks was best suited to the Atari; Intellivision was geared more to two-player use with keypads, they told her.

When the shopper asked what educational lessons the two stand-alone systems provided, she was told "none." The salespeople advised her that there was only one educational cartridge available for each system. "If she was looking for education value, she should look to the home computer."

No salesperson provided the shopper with an adequate answer for

THIS IS ONE of a series of five Merchandising mystery shopper stories that appear in this issue.

Over the past six weeks, our editors, cleverly disguised as shoppers, visited cities from coast to coast with one particular goal in mind: to gauge how a typical customer is handled as he or she tries to make a purchase.

We believe the results to be informative as well as interesting.

Other mystery shopper stories appear as follows: video, page 43; audio, page 51; housewares, page 63, and major appliances, page 56.

Electronic chess sets challenge advanced players' ability

By Howard S. Rauch, editorial director

CHICAGO—Building appeal to more adept chess players seems to be a prime objective of manufacturers trying to market electronic sets in 1982.

There are still plenty of sets around priced under \$100 for beginners, but innovations are undoubtedly being aimed at the "advanced" market.

Newer sets have stronger programs, with some approaching expert strength. More modules have been developed to give existing sets capability of upgraded play.

Sensor boards have been improved considerably, eliminating the need to apply strong pressure when moving a piece from one square to another.

And of course, you have Novag's Robot Adversary, which hums merrily when the game is going its way, and harasses its opponent during a tough position via a series of "emotional" outbursts.

All this equipment can hardly be classified as cheap. Even \$115 for a less-expensive unit is nothing to sneeze at. And the more advanced models hover on one side or another of the \$1,000 retail range.

Fortunately, there is a bit more in the way of promotional support being offered by some manufacturers. Programs such as Fidelity Electronics, Ltd.'s Computer Chess Challenge could overcome some consumer resistance to the high price tags. (Editor's note: More about the Challenge later in this report.)

At the same time, some suppliers now make chess masters available for selected demonstrations. For example Applied Concepts, Inc. recently linked up with International Master George Koltanowski. Well known in tournament chess circles, Koltanowski is one of the long-time stars in terms of number of games played simultaneously while blindfolded.

All the above observations are based on input gathered from seven firms exhibiting electronic sets at the recent Summer CES.

Tournament launched in Miami

Probably the most electronic chess excitement to date was created by Fidelity Electronics, Ltd. launching its Computer Chess Challenge.

Burdines—the Florida department store chain—tied in with the event by offering its Events Center as the playing site.

According to Fidelity advertising manager Oscar Segal, 250 combatants under 19 years of age took on the Mini Sensory Chess Challenger on May 22.

The 86 winners who emerged victorious locked horns with the Sensory Chess Challenger 9. Out of this group, 21 came out on top, which qualified them for slugging it out with the Champion Sensory Chess Challenger in round three and the Elite Sensory Chess Challenger in round four.

Finalists from Florida and other parts of the U.S. and other countries will compete for college scholarships—the grand prizes—at a tournament to be held in New York City around Thanksgiving.

The playing site there hasn't been selected, but Segal speculated that the U.N. Building could be a possibility. (Editor's note: For details on other playing sites, write directly to Frank Cimo, Public Relations Director, Fidelity Electronics, Ltd.,

8800 N.W. 36th St., Miami, FL 33178.)

Applied Concepts, Inc., Garland, TX, is not into a program as elaborate as Fidelity's, but chess personality George Koltanowski has been taking electronic sets to schools and to the U.S. Junior Open.

Applied also has a new handout—50 Chess Traps—developed by Koltanowski.

What's new in equipment?

Space does not allow for Merchandising to review all the products now available from suppliers interviewed at CES. What follows is a rundown on some more recent developments:

* CONCHESS, developed by Consumenta Computer, Munich, West Germany, was a new arrival in the U.S. market. The main product is one sensory board with a suggested retail range of \$295 to \$495.

"The price range reflects the size of pieces and quality of the board," explained H. Schechet, U.S. distributor for the Consumenta line. According to Schechet, Consumenta's key feature is that "the processor and program is in the cartridge, which slides in under the board."

Because the microprocessor is not installed in the basic board, there is greater flexibility in set design, claims Consumenta.

* APPLIED CONCEPTS is "aligning itself with the higher levels of chess and is after the serious player," said national sales manager Dennis Pirkie. Among its new offerings is The Mate—which currently can be hooked to the Apple II computer.

"A player could write his own program," projected Pirkie, "and we can come out with new programs in disc software retailing for \$20." The Mate retails for \$299.95, said Pirkie.

A new set available in September, The Destiny Laser, with LCD readout—offering a 1750 United States Chess Federation playing strength—should retail at \$250.

(Editor's note: References to rating strengths made by suppliers are strictly estimates, as the USCF has not officially accorded any electronic sets a rating until now.

References to ratings under 1600 pertain to less experienced players; 1600-1799 and 1800-1999 are two USF categories of stronger players. Expert strength begins at 2000, master strength at 2200.

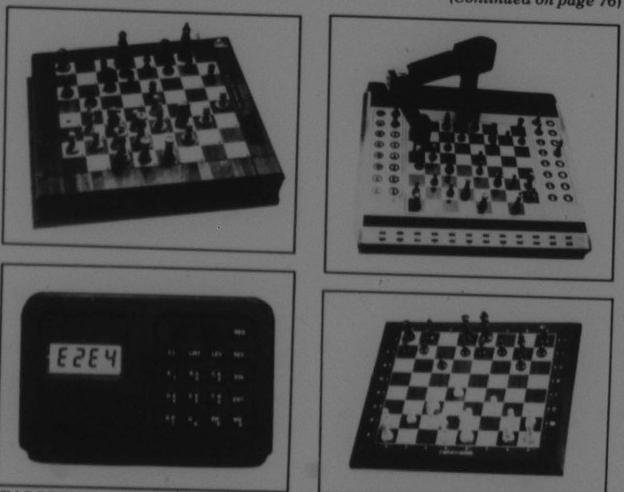
The author of this article has a USCF rating of 1951, and would say

that the calibre of equipment exhibited at CES definitely offers competitive play to stronger opponents. In "speed chess" where chess set and human each take five minutes for the entire game, some newer machines could demolish human opponents rated in the 1600-1999 range!)

Prototype may be 'expert'

* FIDELITY ELECTRONICS has unveiled the prototype of its Prestige Challenger model. Retailing at approximately \$1,295, the machine—unofficially—is reported to have a USCF rating strength exceeding 2000.

(Continued on page 76)



TARGETING ADEPT PLAYERS, electronic chess sets introduced at the summer CES include the Prestige Challenger, Fidelity Electronics, (upper left); Robot Adversary, Novag Industries, (upper right); Mephisto chess computer, Hegener & Glaser, (lower left), and Conchess, Consumenta Computer.

Japanese computers bridge home, business markets

By William Silverman, sr. assoc. ed.

HOUSTON—Most Japanese companies exhibiting at the National Computer Conference showed little interest in making an early entry into the home computer market. Judging by their comments, a change in attitude hinges on their abilities to offer under \$300 consoles with software that offers much more than games.

While several American suppliers have taken the lead in appealing to the potentially vast home market, most Japanese companies have continued to appeal to business users, lately with "cross-over" systems.

True home computers from Japan might appear quickly once the home-use market has been proven to be a high-volume one, however, and some companies have taken a "maybe later this year" attitude.

One important exception to this overall hesitation has been Panasonic Co. Its JR-200 console, with 32K RAM, will retail for about \$300 in February 1983, computer product manager Dennis Reer said. A rubber key approach has helped achieve this "new plateau in price" while eschewing a flat panel that wouldn't "have the feel."

Besides attractive and non-intimidating cosmetics, price, color capability, music and ease-of-use will help the unit appeal to that possibly huge

home market, Reer said. Companies that have a well-known name and provide software and documentation also can help retailers prosper, he added.

Game-computer split seen

"Games are very important for computers," Reer stated. "But we'll see in three years a distinct difference between games and computers. They won't merge, they will move away from each other. We don't want to make a trade-up."

It will be another three to four years before the potential home market is very large, commented Jack Dutzy, NEC Information Systems program manager for personal computers. "You will have to provide people, for under \$300, with more memory, and better storage technique and reliability."

"A lot of computers are game oriented," he continued. "Although consumers today mostly want to play games, that will change as a function of user friendliness."

"At least one other product may be introduced later this year, oriented for the home environment," Dutzy hinted. He does not foresee any problems in selling home computers through mass merchandisers, reiterating that the category's success largely hinges on consumers using the computers' proper applications.

At this show, the NEC PC-600 console, with 16K RAM and 16K ROM memory, was introduced as an under-\$500 "cross-over machine."

Another company that could bring in a home unit later this year, Toshiba America, would first have to gain more software knowledge, said vice president John Rehfeld. "It's a big potential market; but it takes a lot of software knowledge with games and education."

The T100, Toshiba's new entry at NCC, included an \$800 keyboard with 64K RAM memory. "This is a cross-over unit, we don't have an entry level price," Rehfeld added.

Both the Toshiba unit and Hitachi's \$3,500 Personal Computer use a 16-bit microprocessor. This is said to greatly increase processing capabilities and allow use of large memory capacities.

"We feel this is the high end of home usage and the low end of business," said Jiro Oi, Hitachi Sales Corp. of America special products manager. He acknowledged that fluency in English can be a problem in software development.

While Oi saw no problems for stores such as Macy's California in selling expensive computer systems, stores that have handled only video-games in the past must first acquire computer knowledge and experience, he said.

PERSONAL ELECTRONICS

Retailers and 12,000 businessmen meet at Computer Expo

By Deborah Cromer, field editor

ANAHEIM, CA—The opportunity to gain exposure among approximately 12,000 small business operators in the Los Angeles area brought computer retailers out in force at the recent Computer Expo Showcase held in Anaheim, CA.

The retailers told *Merchandising* that they viewed the event as a chance to educate local businessmen about how they could use computers. In addition, the retailers were able to meet their market head-on and learn what their potential customers were looking for.

All in all, the retailers' goals were threefold:

- to familiarize potential customers with their particular retail operations;
- to ease the businessmen's "fear of computers" by providing hands-on demonstrations; and
- to keep tabs on what is going on in the marketplace.

The retailers offered show promotions and discounts to help lure attendees to their stores after the showcase had ended. According to the store operators, most of the show's attendees were prospects for computers in the \$2,500 to \$4,000 price range.

Seek businessmen

The majority of the retailers came looking for the small business audience, individuals in middle to higher income levels with need, desire and money to purchase a higher-line microcomputer. From their comments, they weren't disappointed.

"Our goal in coming here was to meet qualified, serious small business buyers," said Gora Bhaumik, president of Western Computer Center. "The way they advertised this show attracts that audience."

Although advertising was placed through normal consumer channels, there was definitely a strategy behind it: Attract the business user over the hobbyist.

The ads, which featured Jonathan Winters, emphasized working roles over recreational ones. Television spots were broadcast during news shows and late night movies, times when business people would be most likely to watch. Print ads were placed in business and sports sections of the major daily paper, as well as a local business journal.

Discount tickets were distributed throughout the Los Angeles metropolitan area by the show sponsor, The Interface Group, Framingham, MA.

Retailers interviewed by *Merchandising* at the expo agreed that their goals were met. For the most part, the attendees were serious buyers of business computers. Additionally, there was a 50/50 split: knowledgeable vs. novice.

Why leave the shop?

Participation in the showcase brought retailers out of the shop and into a mass audience situation. It gave them an opportunity to accomplish much more than a single sale.

"Our goal is to make people aware of our company and our stores," said Karl Jahnke, Computer City, Brea, CA. "The environment for selling is not here, but we are able to talk to a lot of business people and, we hope, get them into our stores."

Handouts, specials and coupons, redeemable only at the stores, were



JONATHAN WINTERS starred in ads that helped draw business users to the Computer Expo Showcase in Anaheim, CA.

used by Computer City to get maximum mileage out of the appearance at the exhibit.

"Our intention in being here is to disseminate our software catalog," said Chuck Limmer, The Software Store, Los Angeles. "With this kind of traffic flow, we get better penetration than our ads. Handing out 7,000 catalogs gives us 7,000 potential customers."

Another attraction for Limmer was the penetration he got without tying up sales personnel and salaries.

Many retailers were also using the participation as a means of educating potential customers, easing the fear that computers pose for many novices.

"We are trying to educate the attendees on what they should be buying and how to buy," said David Barrett, Pacific Systems, Inc., Santa Monica.

The accessibility to manufacturers, distributors and other dealers offered a unique chance for the retailer to educate himself about activity within the industry, as well. Pinpointing the hot selling hardware, they indicated, could offer a clue to where software demands might go in the future. It was also a chance to check out the competition: to see how they price product, how they project image and how they deal with customer/potential customers.

Promotions bring them in

Promotions were heavy at the expo. They were the hook used to get the customers into the stores once the three-day showcase ended.

Offerings varied from one-shot show specials to more aggressive choices. Some discounts were offered both at the show and at the retail outlet for one to three weeks following the exhibit's close. One retailer offered no less than 10 hardware and software sale options.

Examples of the discounts include:

- 20 percent off on the Apple II

computer (\$1,999) and a 50 percent discount on compatible entertainment software:

- Slashed prices on demonstrator models, and
- \$3,995 for a word processing unit complete with dual disk drives and daisy wheel printer.

If sales activity at the expo was any indication, the most popular price points for small business machines fell within the \$2,500 to \$4,000 range. Hobbyist systems were retailing from \$750 to \$900.

By unanimous consensus, printers were the most active option sold. Retail price ranges were \$500 to \$3,500, but the most common sale was \$800, including interface.

"Price is not that important for the small businessman," Western's Bhaumik said. "Hobbyists are price conscious, but the small businessman is more concerned that the computer meets his needs. I find this true both at this show and in the field."

The Computer Showcase Expo was launched last year with three shows in Los Angeles, San Francisco and Miami. Their success has spawned 11 expos in 1982 and a projected 25 to 30 are now slated for 1983.

The remaining schedule for 1982 includes: New York, Sept. 23-25, New York Coliseum; San Francisco, Sept. 30-Oct. 2, Brooks Hall; Miami, Oct. 28-30, Miami Exposition Center; Atlanta, Oct. 28-30, Atlanta Civic Center; Chicago, Nov. 4-6, McCormick Place; and Los Angeles, Nov. 18-20, Los Angeles Convention Center.

Sports watches, solar calc intros offer wanted features, slick styling

By Debbie Rosenblum, field editor

CHICAGO—Watches and calculators intended to fill consumer demand for added convenience and slick styling dominated at the Summer CES.

In an attempt to cater to the increasing number of consumers involved with athletic activities, vendors introduced additional sports watches in both analog and digital styles. This category, they projected, will be the hottest for the remainder of 1982.

Also expected to move well are the thin analog and digital models aimed at fashion-conscious women. So far, this area has largely been untapped, suppliers said.

Standard digitals, on the other hand, received mixed reviews. Some vendors expressed doubts about their strength due to eroding price points while others maintained the reduced retail will spur sales.

In calculators, solar models grabbed the spotlight. Exhibitors told *Merchandising* that their pricing (now competitive with battery-powered models) plus the fact that they can be used anywhere there's a light source should ensure healthy sales.

Because of a drop in prices coupled with added features, suppliers anticipate handheld printers will also continue selling briskly throughout 1982.

The trend in watches for the balance of the year will be towards the sports category, predicted Gary Smith, Casio's vice president of

marketing. "Water sports watches, by far, are our best-selling models," he reported.

"They're casual watches. You can wear one when you're hunting, fishing, swimming, bicycling, anytime. And they all have a lot of features like alarms, stop watches, dual time. That's why they appeal to so many people," Smith explained.

Style sells watches

In ladies' watches, "we're looking at very stylish models. They're not as thick as they were in the past and the face is smaller," Smith noted. "The reason ladies' digitals have captured such a small portion of the market is because they've looked so big and clumsy. The new models are much more fashionable."

Sanyo's national sales manager Craig Balchunas agreed that sports watches are very hot, pointing out, "A lot of people are hopping on the physical fitness bandwagon. They need a watch that is durable enough to wear while they're swimming or whatever." The firm's line retails from \$17 to \$49.

At the show, Sanyo debuted three sports watches. Designed to function up to 600 ft. below the surface of water, the LCD Sanyo Scuba offers a stainless steel clasp and band. Features include a stop watch, calendar and a built-in light for underwater and night use. Suggested retail is \$59.95.

Also unveiled were the Sanyo Diver II for men and the Lady diver for



HIGHLY STYLED watches and calculators dominated at CES. Suppliers count on watches for sports enthusiasts and solar calculators to spur sales in the future.

women. Both have a stainless steel casing and strap. Designed to be used up to depths of 50 meters, each displays date and time and has an alarm plus a built-in light which illuminates the dial at the press of a button. Suggested retail for both models is \$49.95.

Concerning the future of digitals, Balchunas was unsure whether the category would make any gains. "Right now, the market is divided pretty evenly. Mechanical analog accounts for 38 percent of all sales, quartz analog 24 percent and digital 38 percent," he pointed out.

Webcor Electronics, Inc. also added a moderately priced men's sports watch to its NSC line. Model 91225 is an eight-digit calculator watch. Rubber buttons are pressed to

(Continued on page 39)

PERSONAL ELECTRONICS/NEW RELEASES IN VIDEOGAME SOFTWARE

ACTION

ARTILLERY DUEL, from Astrocade. Available in fall. Suggested retail \$34.95.

BEANY BOPPER, from Fox Video Games. Atari VCS-compatible. Available in fourth quarter. Suggested retail \$34.95.

CHINA SYNDROME, from Spectravision. Atari VCS-compatible. Available this month. Suggested retail \$29.95.

COCO NUTS, from Telesys. Atari VCS-compatible. Available in September. Suggested retail \$31.95.

CONAN, from Astrocade. Available in fall. Suggested retail \$34.95.

CROSS FIRE, from Spectravision. Atari VCS-compatible. Available in fall. Suggested retail \$29.95.

DEADLY DUCK, from Fox Video Games. Atari VCS-compatible. Available in fourth quarter. Suggested retail \$29.95.

DEMONS TO DIAMONDS, from Atari. Atari VCS-compatible. Available now. Suggested retail \$26.95.

FAIL SAFE, from Atari. Atari VCS-compatible. Available in October. Suggested retail \$26.95.

FAST FOODS, from Telesys. Atari VCS-compatible. Available in September. Suggested retail \$31.95.

FROG POND, from Atari. Atari VCS-compatible. Available in November. Suggested retail \$26.95.

JAWBREAKER, from Tigervision. Atari VCS-compatible. Available now. Suggested retail \$31.95.

KING KONG, from Tigervision. Atari VCS-compatible. Available now. Suggested retail \$31.95.

MEGAMANIA, from Activision. Atari VCS-compatible. Available in September. Suggested retail \$31.95.

PICK AXE PETE, from Odyssey. Available now. Suggested retail \$32.95.

PITFALL, from Activision. Atari VCS-compatible cartridge available in September. Mattel Intellivision-compatible cartridge available in November. Suggested retail \$31.95.

PIRATE'S CHASE, from Astrocade. Available in fall. Suggested retail \$29.95.

RIVER PATROL, from Tigervision. Atari VCS-compatible. Available now. Suggested retail \$22.95.

SMITHREENS, from Odyssey. Available in September. Suggested retail \$34.95.

SMURF ACTION GAME, from Coleco. ColecoVision-compatible cartridge available this month. Atari VCS-compatible cartridge available in September. Suggested retail under \$30.

SUB HUNT, from Mattel. Intellivision compatible. Available now.

TAPE WORM, from Spectravision. Atari VCS-compatible. Available this month. Suggested retail \$29.95.

WORM WAR I, from Fox Video Games. Atari VCS-compatible. Available in fourth quarter. Suggested retail \$34.95.

ARCADE

ASTEROIDS, from Atari. Atari 5200-compatible. Available in October. Suggested retail \$31.95 to \$39.95.

BERZERK, from Atari. Atari VCS-compatible. Available this month. Suggested retail \$31.95.

CARNIVAL, from Coleco. Atari VCS and ColecoVision-compatible cartridges now available. Suggested retail price under \$30.

COSMIC AVENGER, from Coleco. ColecoVision-compatible. Now available. Suggested retail price under \$30.

DEFENDER, from Atari. Atari 5200-compatible. Available in fourth quarter. Suggested retail \$31.95 to \$39.95.

DONKEY KONG, from Coleco. Atari VCS-, ColecoVision- and Mattel Intellivision-compatible cartridges available this month. ColecoVision-compatible cartridge available in September. Suggested retail price under \$30.

FROGGER, from Parker Brothers. Atari VCS-compatible. Available. This month. Suggested retail price under \$30.

INCREDIBLE WIZARD, from Astrocade. Now available. Suggested price \$34.95.

MISSILE COMMAND, from Atari. Atari 5200-compatible. Available in

October. Suggested retail price \$31.95 to \$39.95.

MOUSE TRAP, from Coleco. Atari VCS- and Mattel Intellivision-compatible cartridges available this month. ColecoVision-compatible cartridge available in September. Suggested retail price under \$30.

PAC-MAN, from Atari. Atari 5200-compatible. Available in October. Suggested retail price \$31.95 to \$39.95.

SPACE FURY, from Coleco. ColecoVision compatible. Available in November. Suggested retail price under \$30.

SPACE INVADERS, from Atari. Atari 5200-compatible. Available in October. Suggested retail price \$31.95 to \$39.95.

SPACE PANIC, from Coleco. ColecoVision-compatible. Available in September. Suggested retail price under \$30.

SUPER BREAKOUT, from Atari. Atari 5200-compatible. Available in October. Suggested retail price \$31.95 to \$39.95.

TURBO, from Coleco. Atari VCS-compatible cartridge available in October. Mattel Intellivision-compatible cartridge available in November. Suggested retail under \$30. ColecoVision cartridge, with module, available late in third quarter. Suggested retail around \$60.

VENTURE, from Coleco. ColecoVision and Atari VCS-compatible cartridges now available. Suggested retail price under \$30.



VICTORY, from Coleco. ColecoVision-compatible. Available in September. Suggested retail under \$30.

ZAXXON, from Coleco. ColecoVision-compatible cartridge available this month. Atari VCS- and Mattel Intellivision-compatible cartridges available in October. Suggested retail under \$30.

LEARNING

CREATIVE CRAYON, from Astrocade. Available in fall. Suggested retail \$59.95, or \$79.95 with light pen.

MATH GRAN PRIX, from Atari. Atari VCS-compatible. Now available. Suggested retail \$22.95.

MUSIC MAKER, from Astrocade. Available in fall. Suggested retail \$59.95.

SPACE

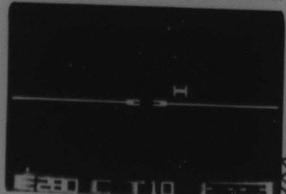
COSMIC RAIDERS, from Astrocade. Available in fall. Suggested retail price \$34.95.

DEMON ATTACK, from Imagic. Mattel Intellivision-compatible. Available now. Suggested retail price \$34.95.

MARAUDERS, from Tigervision. Atari VCS-compatible. Available now. Suggested price \$22.95.

SOLAR CONQUEROR, from Astrocade. Available in fall. Suggested price \$34.95.

SPACE MAZE, from Telesys. Atari VCS-compatible. Available in September. Suggested list price \$31.95.



STAR RAIDERS, from Atari. Atari 5200-compatible. Available in October. Suggested price \$31.95 to \$39.95.

THRESHOLD, from Tigervision. Atari VCS-compatible. Available now. Suggested retail price \$22.95.

SPORTS

BOWLING, from Astrocade. Available in fall. Suggested retail \$29.95.

HEAD TO HEAD BASEBALL, from Coleco. ColecoVision-compatible. Available in October. Suggested retail price under \$30.

HEAD TO HEAD FOOTBALL, from Coleco. ColecoVision-compatible. Available in October. Suggested retail price under \$30.

HORSE RACING, from Coleco. ColecoVision-compatible. Available in October. Suggested retail price under \$30.

REAL SPORTS BASEBALL, from Atari. Atari VCS-compatible. Available in October. Suggested retail \$26.95.

REAL SPORTS FOOTBALL, from Atari. Atari VCS-compatible. Available in October. Suggested price \$26.95.

REAL SPORTS SOCCER, from Atari. Atari VCS-compatible. Available in October. Suggested retail \$26.95.

SOCCER/DRIBBLING, from Astrocade. Available in fall. Suggested retail \$34.95.

STRATEGY

EARTHWORLD, from Atari. Atari VCS-compatible. Available in October. Suggested retail price \$37.95.

KEN USTON'S BLACKJACK/POKER, from Coleco. ColecoVision-compatible. Available in October. Suggested retail price under \$30.

NIGHT STALKER, from Mattel. Intellivision-compatible. Available now.

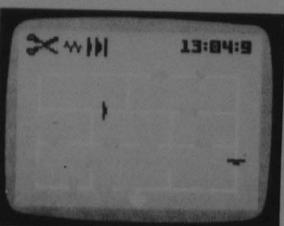
RAIDERS OF THE LOST ARK, from Atari. Atari VCS-compatible. Available in December. Suggested retail \$37.95.

TUNNELS & TROLLS, from Coleco. ColecoVision-compatible. Available in October. Suggested retail under \$30.

UTOPIA, from Mattel. Mattel Intellivision-compatible. Available now.

VOICE

B-17 BOMBER, from Mattel. Mattel Intellivision-compatible. Available in fourth quarter.



BOMB SQUAD, from Mattel. Mattel Intellivision-compatible. Available in fourth quarter.

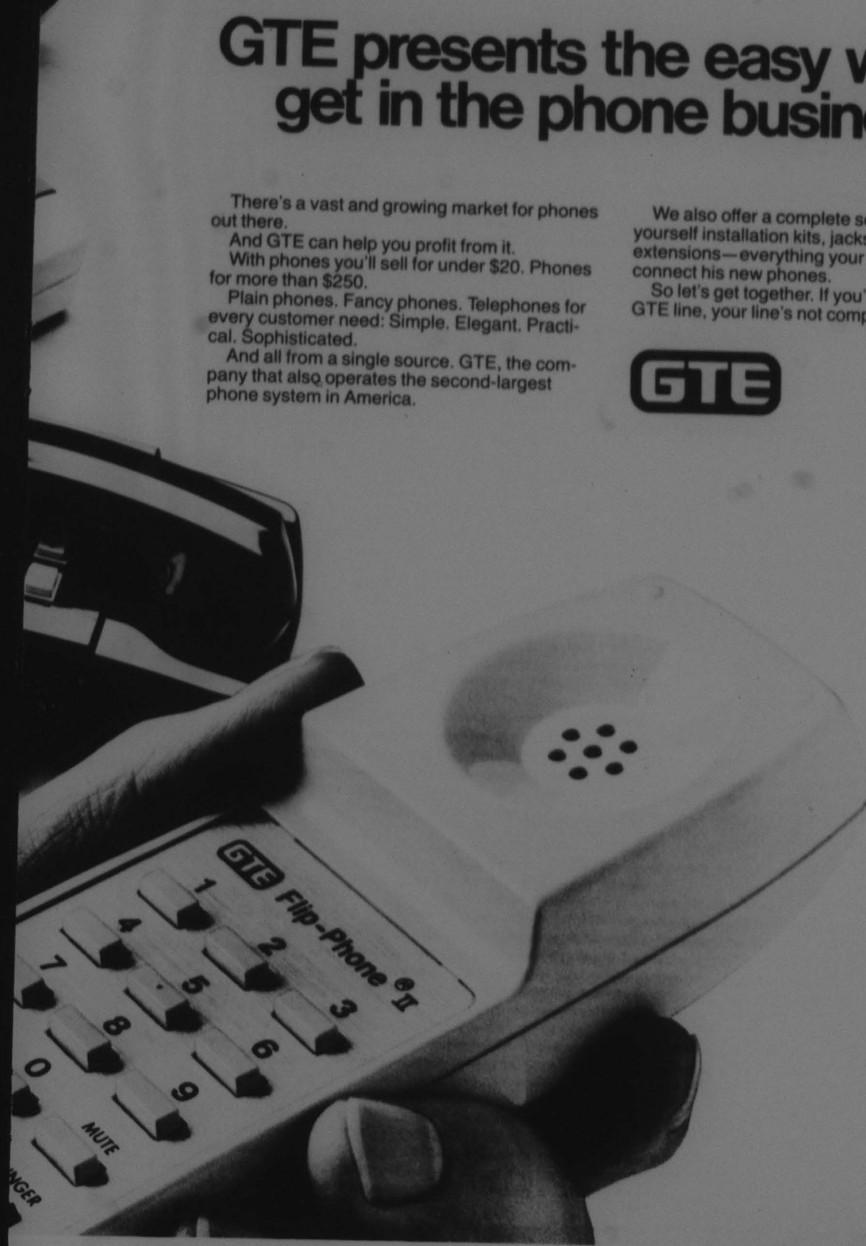
K.C.'S CRAZY CHASE, from Odyssey. Available in October. Suggested retail \$34.95.

NIMBLE NUMBERS N.E.D., from Odyssey. Available in September. Suggested retail \$39.95.

S.I.D. THE SPELLBINDER, from Odyssey. Available in September. Suggested price \$39.95.

SPACE SPARTANS, from Mattel. Mattel Intellivision-compatible. Available in fourth quarter.

TYPE & TELL, from Odyssey. Available this month. Suggested list \$39.95.



NEWSLINES

PERSONAL ELECTRONICS

123QC

CHICAGO—The ColecoVision rollout began late last month, with national distribution set for September. In an interview with *Merchandising*, Coleco Industries vice president Michael Katz noted that Donkey Kong will be packaged with the under-\$200 videogame, *Cosmic Avenger*. Mouse Trap, Venture, Carnival and Turbo also will be reaching dealers by September, he said. Seventeen cartridges will be available before the Christmas selling season. Coleco's \$15-million 1982 advertising budget includes spot television and national TV, plus ads in consumer magazines. In addition, dealers can obtain television point-of-sale units. A \$60 converter will accept Atari cartridges, but an Intellivision converter has been placed on hold. A personal computer add-on will be available in mid-1983, Katz said.

PROMOTION PIECES: "We designed the TS 1000 display to help non-technical retail sales personnel sell a technical product," said Daniel Ross, vice president of Timer Computer Corp., marketer of the \$99 Timex Sinclair 1000. The display unit includes a 36-in. by 24-in. by 24-in. counter model, a 35-in. tall by 36-in. wide by 24-in. deep floor stand display and a computer merchandise cabinet for easy software and literature merchandising and inventory control. The cabinet is 13 in. deep, 24 in. high and 34½ in. wide...Ford Industries, manufacturer of Code-A-Phone products, offers a free Memory Phone I with the purchase of a Code-A-Phone model 1750. The couponed offer is being made via retail accounts through Dec. 31...High scorer in Pin-Axe Pete Pictoff contest from Odyssey wins a pound of gold. Two-thirds of the company's \$20 million ad budget will be spent in the fourth quarter...Baseball fans across the country have been seeing The Incredible Wizard from Astrocade played on Diamond Vision scoreboard screens. Contestants vie for \$8,000 in prizes.

ATLANTIC CITY—A formula for success in retailing computers: concentrate on selling to a specific market, instead of just selling a certain line or lines of product. That was the message Eric Golembio, vice president-retail, Computer Mart of New Jersey, Iselin, NJ, had for a recent audience of over 100 computer retailers gathered at a conference during the Comdex/Spring '82 computer exhibition. Decisions about selling to the education, business, scientific and general consumer markets are a function of capabilities and capital, he continued. After deciding which ones are for you, focus on your markets, the former IBM product planner recommended. Most recently, Golembio was a technical analyst for Warner Computer, a major time-sharing vendor. "Offer total support for your market," including hardware, software, manuals, books, peripherals and understanding, he advised.

Retailers who also understand computers, however, have a greater potential for growth. High-end computers pose certain problems for even specialists, Golembio pointed out. For instance, beware of hidden costs when selling to the business market, or face possible lawsuits. Very specialized personnel are needed here, and Golembio has created a separate division in his company. Selling to accountants also requires in-depth accounting knowledge. Too, the competitive bidding in selling to the educational market demands specialized selling techniques, he said. And the scientific market requires background to answer the very specific questions posed by engineers, for instance.

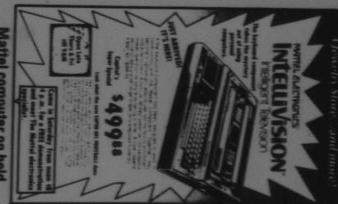
"Sell solutions, not computers," Golembio summed up. When selecting products, he added, look for long-term viability. There are advantages and disadvantages to selling "hot" versus exclusive product, though. While a line may be "presold," customers may also be looking down the street, Golembio noted. The two-store Computer Mart chain will expand to four stores this year.

NEW ORLEANS—It looks as if Mattel Electronics' Intellivision Keyboard Component won't see the light of day, at least not in its present form. National distribution, most recently scheduled for late this year, has been postponed indefinitely. A planned test market expansion has also gone by the board. For now, the unit remains on the shelves of selected retailers in New Orleans and Seattle, where it has been sold for about a year. While dealers contacted by *Merchandising* praised the computer's capabilities and the Master Component's game play, they also offered several criticisms. Sales have been mixed, they reported.

"When we ran it at \$499.98, I thought a lower price point was needed. I still think so," said K.R. Harrison III, vice president and general manager of Capitol Wholesale Distributors, a suburban New Orleans catalog showroom. "Now, the wholesale price is up \$50, and we can't advertise it for under \$500 anymore, which will hurt sales." Moreover, many customers think both the Master Component and Keyboard Component have been purchased at that price, added video salesperson Danny Sicuro. And although the store sold 15 keyboard components around Christmas time, he noted, "People come in here to shop around, not with \$1,000. They'll go to a specialty store for that kind of purchase." Mattel is really nice computer in that it offers a lot of flexibility over just a game, commented Dean Smart, retail salesman at Computer Shoppe in New Orleans. "It's biggest plug is that it is a step-up." One Seattle retailer reported selling "a few mostly to previous owners of Intellivision." He would like to see a lower price, more software and other backup. The nine cassettes first offered with the system remain the only ones available today.

At press time, Mattel Electronics senior vice president of marketing Pete Pirner confirmed, "As a result of information gathered in connection with the New Orleans and Seattle test markets, Mattel Electronics has determined that the current pricing of the Keyboard Component is not competitive in the rapidly changing marketplace. Therefore, Mattel Electronics is in a process of redesigning the Keyboard Component in an effort to develop a sophisticated low-cost unit, which is expected to be available in early-to mid-1983."

MANAGEMENT MOVES: James Finke has resigned as president of Commodore International. He has joined Video Vision, NYC, as chairman of a subsidiary being formed to create a retail computer chain...Roger Baderfischer has left his post as president of Atari Home Computer Div., Sunnyvale, CA. He reportedly seeks to launch a new personal computer company aimed at the business and professional market...Theodore Voss has joined Atari as senior vice president of marketing and advertising for the computer, consumer and coin-op divisions...Michael Crowley has been named advertising manager of Midland International Corp., Kansas City, MO...Michael Goin has been promoted to national sales manager for Phonesitter, Culver City, CA.



Mattel computer on hold

Cellular appeal could soon boost sales of mobile telephones

By William Silverman, sr. assoc. ed.

ATLANTIC CITY, NJ—if the Department of Justice doesn't step in, the recent agreement reached between AT&T and GTE could result in cellular phone availability within 18 months.

Over the long term, the service could appeal to the mass market and provide some consumer electronics retailers with a new source of revenue. But for now, that goal looks as if it will not be achieved in the 1980's, according to some industry experts.

In recent weeks, the Justice Department asked several of the nation's largest telephone companies to provide details on their agreement to provide the improved type of mobile phone service to the 30 largest cities. Because the FCC had reserved one of the two cellular systems for operation by local telephone companies, AT&T and GTE had worked out deals between themselves and with other local phone companies. The second franchise will later go to radio common carriers.

The agreement provides for AT&T to hold a majority interest in and operate 23 systems, and GTE the remaining seven. Chances remain good that the Justice Department will find no violation, however, since the Federal Communications Commission (FCC) had urged all the telco applicants to work out partnerships to avoid long hearings and get the service launched.

Cellular offers advantages

Cellular mobile telephones offer distinct advantages over the present IMTS mobile telephones, eventually at a lower cost. For one, cellular provides almost unlimited capacity, ending long waiting lists. Transmission quality and privacy also benefit, and customers can make a call at any time.

The technology relies on a pattern of adjacent geographical cells, each with a radius of about eight miles. As a customer drives from one cell to another, his call is automatically switched, explained Hank Lucas, general manager of GTE Mobilnet, Inc.

"I expect the price will go down to under \$1,000 five to seven years out, a substantial reduction from the expected \$2,500 to \$3,500 initial cost," he told *Merchandising*. "Some of us believe the day will come when K mart, Radio Shack and Sears might get into this business."

Speaking during a United States Independent Telephone Association



CELLULAR PHONES will initially appeal to business-oriented users, says GTE Mobilnet general manager Hank Lucas.

seminar, he had said, "As the unit comes down in price, John the Plumber and other customers will see them on TV and at trade shows. You will get pressure from customers—'When will you have cellular?'"

The former head of Illinois Bell's successful cellular project in Chicago predicted 2.5 million users by 1995, "based on what I experienced in the trial."

From 1984 to 1990, "There will be a huge pent-up demand from business and industry and professional service people," said Chris Kolaitis, general manager responsible for communications products at Panasonic Industrial Co. Panasonic sells to telephone companies.

Initial prices of \$2,200 to \$2,500 will fall to under \$1,000 by 1990, and cellular phones will then become a consumer item, Kolaitis continued. It will be a natural business for national

chain stores, auto product stores and others that do not have to acquire a service base, he said.

"Once the professional market is saturated, the natural response is to saturate the consumer market," he added. But, "The industry sees a one percent penetration ceiling."

Agreeing that cellular is "initially a business-oriented service," was Linda Urban, spokesperson for the Advanced Mobile Phone Service division of AT&T. "Down the road, demand will increase when the price comes down," she added. Bell will not be in the terminal business, though, because of FCC rules requiring it to first create another separate subsidiary with no cross-subsidization.

On the other hand, GTE has signed a contract to buy more than \$20 million worth of cellular radio equipment from Motorola, Inc. "GTE will

be selling equipment, or the public can buy it from anyone meeting GTE compatibility standards," said a spokesperson.

Shorter-range service proposed

Whether or not cellular service soon becomes a factor in mobile telephone service, another system also could be vying for consumer favor. General Electric has requested FCC approval of a portion of the 900 MHz frequency band for its proposed Personal Radio Communications Service. With a retail price under \$400, PRCS would provide service within a driving area of five miles, theoretically extendable to 15 miles. The system consists of a base station tied into the user's telephone and a mobile unit installed by consumers in their motor vehicles. It will provide each user access to 150 radio channels.

Shopper is challenged just locating the videogame area

(Continued from page 32)

display. At the discount house, after asking which product was best for her, the salesman replied, "Oh, you should have known that before you came here." There were no brochures or no demonstrators to supplement this poor sales effort.

In some operations, just locating the videogames proved a challenge for the shopper. Though the drug store had an endcap demo area, the actual product was hidden behind the heavily-trafficked film developing department. While the discount house had a highly visible video section, it chose to feature videogames in the small appliance section. But the catalog showroom salesman solved visibility problems by greeting the shopper at the door and immediately directing her to the product.

There was a great variation in product displays too—from grimy, ill-stocked enclosures with dysfunctional demonstrators to comfortable, self-contained rooms with wide-screen television demonstrators.

An active demonstration area is crucial in selling the casual shopper. However, the large number of children players attracted to the live videogames can seriously hurt a sales presentation.

In the department store, which had the most dramatic display, the mystery shopper was immediately drawn to the videogame section of the television department by a large group of children huddled around the 12-ft. display. The disadvantage was that the shopper and the salesman had to wade through a crowd three-deep to get to a demonstrator. Making matters worse, the juvenile video experts interrupted the pitch, often correcting and challenging the salesman's statements.

Most of the retailers displayed full-color point-of-purchase stand-ups with pockets for informational brochures. Unfortunately, only three locations had the literature readily available.

What each store did have was an ample supply and variety of game cartridges for both the videogames and the computer use. The most visible software was Atari and Intellivision. However, Activision, Imagic and Coleco were offered at two locations. Although no one could peg

the total number of cartridges available for each system, in most cases, salesmen were able to offer catalogs to browse through.

All eight locations carried the Atari Video Computer System ranging from \$133.90 at the discount house to \$159 in the department store. Seven outlets carried Intellivision, sale priced from \$219 at the catalog showroom to \$269 in the department store. *Odyssey* sold at two locations for \$136.86 and \$169.95.

At the three locations carrying the Atari 400 home computer, the retail range was \$299 to \$366.67. The Commodore VIC-20, featured at two

locations, was priced from \$239.97 to \$269.99.

Retail price points for cartridges ranged from \$10-\$40.

The mystery shopper did not purchase a videogame in any of the stores visited. But if she had, the department store would probably have gotten her business.

Despite its higher prices, this outlet was rated as best overall in product display by the shopper. In addition, the salesman did try to determine her needs, as he saw the potential to trade up to a home computer sale during a "thorough and informative" product presentation.

Solar and printing calculators continue growth

(Continued from page 34)

give the time and date. In addition, the watch features an alarm, chronograph and a plastic case and strap. Retail is \$28.95.

To bolster its digital sales, Webcor has made its watches "more fashionable," said vice president Lawrence Reichenstein. "They're thinner than the older models with a lot more silver and gold tone combinations."

Solar calcs sell well

In calculators, all the exhibitors interviewed projected that sales would be robust for solar models and handheld printers.

"Solar, not just in the basics but also in the scientifics, is going to be extremely hot for the rest of this year," Casio's Smith forecasted.

"With solar, you never have to replace a battery, which is a big convenience to people. For instance," he illustrated, "a person in college is in the middle of a test and all of a sudden his battery goes dead. If he had a solar calculator, he would never have to deal with that happening."

Smith continued, "The costs for solar are comparable to the battery-powered calculators. Our solar calculators retail from \$9.95 for a basic to \$29.95 for a scientific."

Since prices for handheld printers have dropped considerably in the past year, Smith expects a big jump in sales for the category.

"Our printing calculator business this year will probably increase 50 percent to 60 percent over 1981," he

projected. "Prices have gone down almost 50 percent. Last year, at this time, our lowest priced calculator was \$49.95. This year, the same unit is \$29.95."

"Solar and light-powered calculators is the big category this year," said product manager Martin Melnick, Royal Business Machines. "They're handy because you never need to buy a battery. And price points are only 15 percent more than their battery-powered counterparts."

He also noted that "sales will definitely remain strong throughout 1982" for handheld printers. "Most people purchasing the handhelds are replacing their \$29 basic model that they bought two years ago."

Sanyo's Balchunas also noted the growing popularity of solar calculators. "Solar is just beginning to make its dent in the market," he said. "We expect our sales to increase 50 percent this year."

"The other big trend is with the handheld printers. They've been selling strong for the past few months and will continue strong for the rest of the year," Balchunas said. "We're looking at an increase of about 20 percent in the handhelds."

Explaining the growth, Balchunas also pointed to price reductions. "Prices have gone down substantially. Last year, one of our models retailed around \$49-to-\$50. This year, it's selling for \$39-to-\$40."

In this economy the price decreases really make a difference to consumers."

TAADAAA

AAAAAA!

Introducing
Activision's
Intellivision!
TAADAAAAA!

The extraordinary graphics, superb sound effects, incredible playability and outstanding originality of Activision video game cartridges are coming this Fall for Intellivision.

PITFALL!™ our new jungle adventure game, will have your customers fighting their way through swamps and tar pits, past crocodiles and cobra rattlers, on their way to the lost treasures.

STAMPEDE™ our classic western round-up game, will have your customers riding fast, roping faster, and trying to keep their eyes on the trail the whole time.

And these are just for starters, because there are a lot more TAADAAAAA's on the way from Activision.

ACTIVISION
WE PUT YOU IN THE GAME.

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PERSONAL ELECTRONICS/PRODUCT PICTURE

Commodore Max Machine is both game and computer

VALLEY FORGE, PA—The Max Machine will be sold with an array of arcade games, educational and musical programs and easy-to-use peripherals.

It will be available in retail stores, hifi shops and computer stores at a suggested retail price of \$179.95 in the fall, Commodore added.

Users can also create their own characters and games, and then save them on cassette tape for future use. Using a sound interface device, the machine produces music and sound effects in three independent voices, each with a nine-octave range.

A Basic language cartridge is also

available for the unit.

Commodore Business Machines, Computer Systems Div., The Meadows, 487 Devon Park Rd., M, Wayne, PA 19087.



Commodore Max Machine

Quasar intros HHC hardware, software

FRANKLIN PARK, IL—Quasar has added a four-color plotter and the first of a series of software capsules to its handheld computer (HHC) system.

The plotter (PC916TE, suggested retail \$495) allows the user to generate drawings in color from inputs given to the HHC.

The new software is the first in a series of programs created by Impact Technologies Group, Inc., and marketed by Quasar, which has acquired marketing rights to Impact Technolo-



Quasar HHC system

Adec watch combines LC hands and digits

LYNDHURST, NJ—Adec has introduced a liquid crystal analog and digital combination watch. It features liquid crystal analog display of hours, minutes and seconds.

This combines with a digital display of hours, minutes, seconds, date, day of week, automatic calendar, 1/10 second chronograph, 12-hour countdown timer and dual time. A daily alarm and an hourly chime also are featured. In stainless steel case and bracelet, model VIP-409 has a suggested retail of \$39.95.

Adec Watch is a subsidiary of Citizen Watch Co., Ltd.

Adec Watch Inc., 1200 Wall St., West, M, Lyndhurst, NJ 07071.

gies' software. The Time/Trac capsule (LK325TET, suggested retail \$135), allows anyone who bills by time allocation to monitor the time spent on a given project or for a given client.

Quasar Co., 9401 W. Grand Ave., M, Franklin Park, IL 60131.

Answerers, cordless phones and CB's introduced by Cobra Communications

CHICAGO—Three moderately priced telephone answering systems, four cordless telephones and two low-end CB's were introduced by Cobra at CES.

The three answerers are dual-cassette models with pushbutton controls. All have automatic recording level, monitoring of incoming calls, variable-length outgoing messages and choice of two or four rings. Models AN-3150 and AN-3200 also offer VOX and automatic shutdown on hang-up.

Model 3200 is the deluxe model, featuring a remote key for remote retrieval of messages by telephone.

Suggested list prices are AN-3100, \$99.95; AN-3150, \$119.95; AN-3200, \$149.95.

A combination cordless telephone,



Adec Model VIP-409

Odyssey² module can speak

KNOXVILLE, TN—The Odyssey² voice and sound module has been scheduled for late summer availability. The suggested retail price is expected to be less than \$100.

Any Odyssey² cartridge can be played with the voice and sound module attached to a standard Odyssey² videogame. However, only the new Odyssey² videogame cartridges will take advantage of the module's capabilities. The module plugs into the mainframe and has unlimited vocabulary.

Odyssey², N.A.P. Consumer Elec-



Odyssey² voice module

tronics Corp., I-40 & Straw Plains Pike, M, Knoxville, TN 37914.



Casio mini-keyboard has full auto-play features

FAIRFIELD, NJ—Casio has introduced a mini-keyboard with full auto-play features. Model MT-40, \$399.50 suggested retail, can completely memorize songs by using barcode music and a scanner. It also features a melody guide that allows the user to follow lighted keys and play a song, note by note, without a mistake.

Casio's CT-1000P, a \$699 keyboard, is aimed at the serious musician. It features 1,000 different voices that are user programmed, which means users can create their own sounds, Casio said. For those who can't, it has 10 preset tones.

Casio, Inc., Consumer Products & Timepiece Divs., 15 Gardner Rd., M, Fairfield, NJ 07006.

Imagic Demon Attack set for Atari computers, Intellivision, Odyssey²

SARATOGA, CA—Waves of swooping, bat-like creatures mount escalating assaults on players of Demon Attack, an Imagic cartridge designed for the Mattel Intellivision system. The suggested retail price is \$34.95. The game is now available for shipment to dealers in quantities of 24 or more.

Imagic added that it will begin delivering videogame cartridges for Atari 400 and 800 computers later this year. It also said it will begin delivering games for Odyssey² early in 1983.

The initial game for those systems will also be Demon Attack.

Imagic Corp., 20665 Fourth St., M, Saratoga, CA 95070.

Atari debuts new computer software

SUNNYVALE, CA—Four Atari home computer programs include two in the self-improvement category and two in the early learning area.

The new software includes Speed Reading, a \$74.95 package that combines computer programs and the Speedway reading course. The package comes with a 200-page workbook and five program cassettes. It will be available late in the third quarter.

Music Tutor I teaches fundamentals such as note reading, the C Major scale, key signatures and hearing scale-wise melodies and major keys. It will be available late in 1982 in both cassette and diskette versions.

Juggles' House and Juggles' Rainbow have been designed by The Learning Co. The programs teach essential pre-reading skills to children aged three to six.

The Communicator II is a new kit that allows the user to explore the wide range of information, education and entertainment available through computer services, and to communicate with other computers throughout the world. The kit includes the new Atari 835 direct connect modem, the new Telink II cartridge, an informative manual and information on the use of CompuServe Information Service, Dow Jones, News Retrieval Service and The Source. The Communicator II kit, with a suggested price of \$279.95, includes one free hour of use on each service.

In addition, the prices of Asteroids, Computer Chess, Missile Command, Space Invaders and Super Breakout programs have been reduced from \$44.95 to \$34.95. Star Raiders has been reduced from \$49.95 to \$44.95, and Music Composer has been reduced from \$49.95 to \$39.95.

Atari Inc., 1265 Borregas Ave., M, P.O. Box 427, M, Sunnyvale, CA 94086.

Radar Intercept offers car side-mirror remote

NEW YORK—Radar Intercept from Leisure Time Development Associates offers car side-mirror remote capability. The front and rear superheterodyne unit detects X and K bands and also offers standard side view mirror mounting.

Leisure Time Development Associates, 1931 Mott Ave., M, Far Rockaway, NJ 11691.

75th
ANNIVERSARY

Merchandising

A GRALLA PUBLICATION

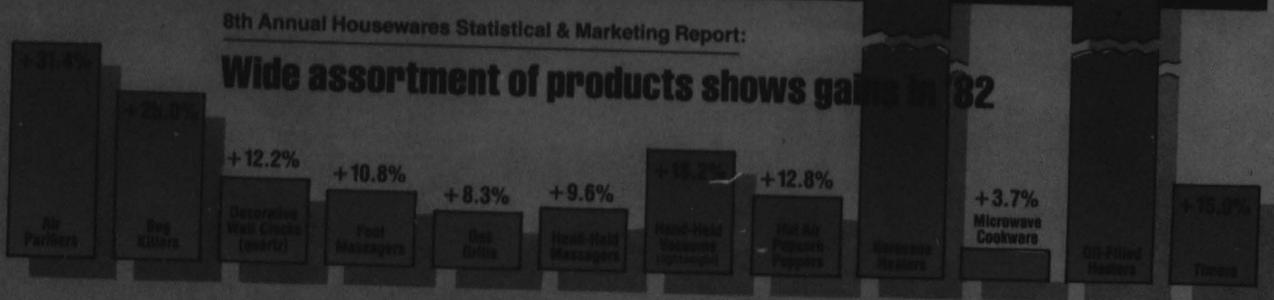
SEPTEMBER 1982

THE NATIONAL MAGAZINE FOR ELECTRONICS ■ HOUSEWARES ■ MAJOR APPLIANCE RETAILERS

**They're popular!
They're profitable!
They're proliferating like crazy!**

VIDEOGAMES

...They're the fastest-growing product of the year, and they're yours to sell. Starting on page 45, we'll help you set the pace in this accelerating market.



5 successful dealers share their secrets for success in generating big, booming sales in the fourth quarter



Also in this issue:

- Merchandising introduces a new, improved Top 50 in Prerecorded Video
- Retailers: There is financing available, and it's yours for the asking
- The industry gears up to take full advantage of the coming boom in phones
- 35mm camera manufacturers focus on the videocassette recorder market

SPOTLIGHT
ON THE
4TH QUARTER
EXPLOSION

Merchandising VIDEOGAMES

Gimbels New Arcade triples videogame volume

By Richard A. Marin, associate editor

PITTSBURGH—Enter the Gimbels New Arcade and be dazzled. Handsome grey carpeting, \$15,000 worth of pulsating neon lights, videogame monitors and four computer terminals. Plus everything the uninitiated needs to become familiar with the

world of electronics—from Pac-Man to bookkeeping in the home. And what's more important, customers are given unlimited time to examine, to play and to learn.

"We let the customers use the equipment for as long as they like without being bothered by a sales-



\$15,000 OF PULSATING NEON LIGHTS bedazzle and entice videogame customers at Gimbels 4,000-sq.-ft. New Arcade in Pittsburgh, PA.

Game manufacturers kick off crucial 4th quarter with advertising, posters, displays with pizazz

NEW YORK—Retailers should have little trouble luring videogame customers into their stores this year as manufacturers' fourth quarter push involves millions in TV, radio and newspaper advertising as well as new merchandising aids including records, posters and display units.

One of the most innovative p-o-p materials introduced this year is Data Age's stereo 45 record which vice president of marketing Robert Rice hopes "will have every 14-year-old gameplayer excited."

"The record was produced by the musical producer of the movies Mega-Force and FireFox and is sort of a 'Shadow' in the year 3,000. The music

and sound effects include a synthesizer and electronic violins...and underneath it will be a heartbeat that will drive that 14-year-old to the telephone to call his friends," Rice said.

The record actually walks the listener through Data Age's first five games. The record cover is a poster-like graphic that Rice thinks kids will want to keep and display, and the back features a typical catalog of games with TV screens and product descriptions.

There's also a contest mysteriously tied in with the Data Age records and customers will be hearing more about that via Data Age's 20-market radio advertising in late fall. [See contest

person," explained Ted Sveda, Gimbel's divisional vice president, merchandise manager, housewares-electronics. "We want them to get a feel for the games and understand the differences between the models before they buy."

The arcade is designed around a freestanding ceiling-to-wall display of videogames. Game hardware is set up along the four counters so customers can partake in Atari, Intellivision and Odyssey to their collective hearts' content. Television monitors are located above each game so others can watch their progress.

To one side of this center display are smaller, token-operated units on which selected customers can play if the store becomes too crowded during the upcoming holiday season. In another section are the computer terminals, removed from the commotion of the videogames. Here customers are tutored by experienced salespeople on the nuances of these thinking machines.

Sveda shows a visitor around the New Arcade with pride. After all, it is his baby.

"We went to CES in Vegas this past January and saw an incredible proliferation of video hardware and software as well as signs of the

coming home computer boom," he explained. "We said to ourselves, 'This must be where it's at.' "

A quick phone call got the store president out to Vegas and after a whirlwind one-day tour of the show he, too, was sold. A series of letters,

(Continued on page 66)

12-year-old expert wants good graphics, more role-playing

By Anne Krueger, section editor

CANOGA PARK, CA—Three pairs of eyes are glued to the action. Six eyes widen as the demons attack and relax as the laser cannon does its stuff. One small tongue is clenched between straight teeth in concentration. One larger back tenses during a tough combat sequence. One tail thumps.

This is the Kravets family guestroom and father, son Kevin (12) and dog Kelly (2) are doing one of the things they do best and enjoy daily: playing home videogames. *Merchandising* spoke with the gamers (Kevin, the addict; dad, the occasional player; Kelley, prime observer) during a 95° afternoon when California doors and

(Continued on page 58)



PLAYING HOME VIDEOGAMES is an hour-a-day pastime for expert Kevin Kravets of Canoga Park.

MINI-DIRECTORY

See *Merchandising's* first mini-directory of videogame hardware and software on page 62.

SOFTWARE SHAKE-UP?

Top video game execs see a software deluge, advanced voice synthesis and the eventual merging of home games into personal computers in the future. Page 60.

TRIVIA QUIZ

Do you know what the sixth wave of Activision's *Megamania* game is? If you do, you're a video-game expert and should try your hand at *Merchandising's* video-game quiz on page 59. You could win a frameable certificate!

ALSO INSIDE:
Videogames go

Hollywood; accessory manufacturers climb on the game bandwagon; G.A.M.E.S. owner expects to sell 1,000 game carts a week; 7 tips to help you pick game titles; who's who in the videogame alumni association; manufacturers train retailers with merchandising specialists and schools, and MORE.



SPOCK IS MY HERO

Are videogame designers really nerds? Ex-Atari and ex-Activision programmer Larry Kaplan should know. He tells us what goes on in the designer's mind plus looks into his videogame crystal ball on page 47. Read about Astrocade's designer Bob Ogden on page 54.



NEWS-LINES

NEW YORK—Spectravision here is in the process of finalizing an agreement with Commodore, Wayne, PA. The agreement would result in Spectravision creating six different programs, three of which are games, for the Commodore VIC 20, according to Josh Keller, director of customer relations. The agreement should be finalized by October, he said. Spectravision now produces Atari-compatible game software, but Keller said the company's future is in computer software.

HOLLYWOOD, CA—E.T. phone Atari for his videogame deal: MCA has licensed its blockbuster movie character E.T. to Atari, Inc. Creator Steven Spielberg will work with Atari designers on the game which will be on the market this Christmas.

SUNNYVALE, CA—Nolan Bushnell, creator of Pong and Atari, soon will be creating game software again. He told the Wall Street Journal he expects to have four percent market share within four years.

RICHARDSON, TX—Games By Apollo here is working toward voice synthesis in video systems, according to a company spokesperson. Talking video games are something that consumers definitely want and we're moving in that direction," he said. First releases probably will be in the Intellivision format and will be available in early 1983.

SUNNYVALE, CA—Automated Simulations is taking a new direction in the fourth quarter by creating two computer software games in the ROM format. For the past three and a half years the company has created over 20 Epyx videogames in the cassette format and has distributed strictly through computer stores. By 1983, president James Connally said he expects to see a considerable expansion of the consumer computer market and so the company is aiming more toward mass merchants via its new network of 18 manufacturer reps.

SANTA MONICA, CA—General Consumer Electronics has been sold to Milton Bradley, GCE president Ed Kraemer told *Merchandising*. He said, "This provides MB with a major entry into the electronics game business and provides us with an association with a major company and its resources."

Merchandising VIDEOGAMES

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MERCHANDISING VIDEOGAMES

Videogame veteran Larry Kaplan looks into his designer's crystal ball

By Anne Krueger, section editor

"In the future you'll be able to ride in the Indy 500 without risk to life or limb. A computer game will simulate the entire experience—vrrooooom! the noise, the action, the colors. You'll be there. You'll even smell the exhaust—they'll pipe it in or something."

"And we'll have computers to act as companions to young and old people who're alone. Or a computer to play monopoly with you or to simulate a ride on a gondola."

"You don't have time in life to do everything. The computer will be used to help you experience other things and other places."

That's the prophecy of Larry Kaplan, who, at 33, is well known in the home videogame arena. In this young industry, just six years of home game programming has made him an old hand.

Kaplan designed games at Atari for three years before becoming one-fourth of the now-famous gang of Atari designers who joined ex-GRT Jim Levy to co-found Activision.

During his three years at Activision, senior designer Kaplan created such games as the popular Kaboom! (named one of Omni's top 10 games in '81) and the home videogame version of Bridge. On June 18, he left the company to research a hardware/software venture of his own.

Merchandising spoke with Kaplan at his Los Altos, CA home to get an insider's view of the home videogame/computer future, and to discover the workings of a programmer's mind.

Q. What do you consider to be the status of the home videogame industry?

A. My opinion is videogames are here to stay; they're not a fad. But they'll probably reach a stabilization level the same as buying TVs and stereos did. All are at about the \$3 billion level. Videogames probably will reach the \$3 billion level by 1984. The VCS concept will die by 1985. For another 10 years after that, companies will supply the VCS with software. Take the eight-track tape situation as an example; it's similar.

Ten years from now, we'll have the ultimate. The home computer will have a keyboard and it will interact with a videodisc, first for the background picture and then for game play. Think of the technological improvements that are possible. Take Tron for example. That could be a good videogame to do. Imagine sitting in a room with a big screen and chasing the Recognizer—or take the Indy example—that's where we'll be.

This is a totally new medium. It'll take time and technology and maybe 50 to 100 years to explore this. We're where phonograph records were 100 years ago. Story always goes that Edison didn't think there was any use for the phonograph...

Winning systems in the future will be those that are both a computer and a game. People may not use the computer functions at first, but soon will be willing to pay for those functions. Computers are becoming an exciting hobby now—replacing ham radios and record collections.

Q. Is the recent deluge of software harming the home videogame market?



WINNING SYSTEMS IN THE FUTURE will be both a computer and a game, according to videogame designer Larry Kaplan. Kaplan has designed games for Atari and Activision. He's seen here with his son David.

A. There's room for lots and lots more software people. From a business side, there certainly has to be price erosion—the margins now are obscene.

If someone comes out with a \$69 tic-tac-toe, someone will buy that. There always will be new products coming into the market at the upper end and at the lower end. All someone has to do is come up with one good game and it will pay off for the next 10 duds.

Top companies always hold 80 percent of the market and then thousands of other companies are below that. I don't think the videogame market should be any different. Personally, I don't think saturation is anywhere around 50 percent; worldwide it's only 10 percent.

In hardware there's no standard. I'd like to build a hardware videogame that's a standard. People thought computers would be standardized by now, but they aren't—although there is some standardized information interchange.

Q. Please explain how you design a game—the process and the amount of time it takes.

A. Almost all games are take-offs of arcade games. VCS programmers are copiers. Kaboom! was a rip-off of the arcade game Avalanche. So, you target your market. Go to the arcade and pick your game or your sport, or decide to do a game not done yet.

Using various brush strokes, like an artist would, you build the game on the VCS. The ultimate painting is one that's better than the original. You would rather look at a Rembrandt than at the original scene, wouldn't you? Well, it was the same with Kaboom! People liked it better than the arcade game. But the VCS is limited and you can only do certain things with it—that's why all arcade games aren't successful as home games.

Your first job is adjusting the idea to the VCS. It's a logical task. This is strictly a programming job. You take the images you want to produce and put them into digital information.

Once you've got the first go-round, the picture of the game, you work on actual game play. You write the program. At Activision we didn't brainstorm much, we just did it.

The process usually takes about three months—one month for each procedure. Then comes the tweaking or getting the last bugs out; the fine tuning.

I'm not an artist. Dave (Crane, Activision senior designer) can do it. He mentally can take into effect the color, etc. He did the cartoonish graphics in Kaboom! He did the little bombs, the man, the buckets. I'm less interested in graphics and more interested in game play.

Q. Just how limited is the VCS?

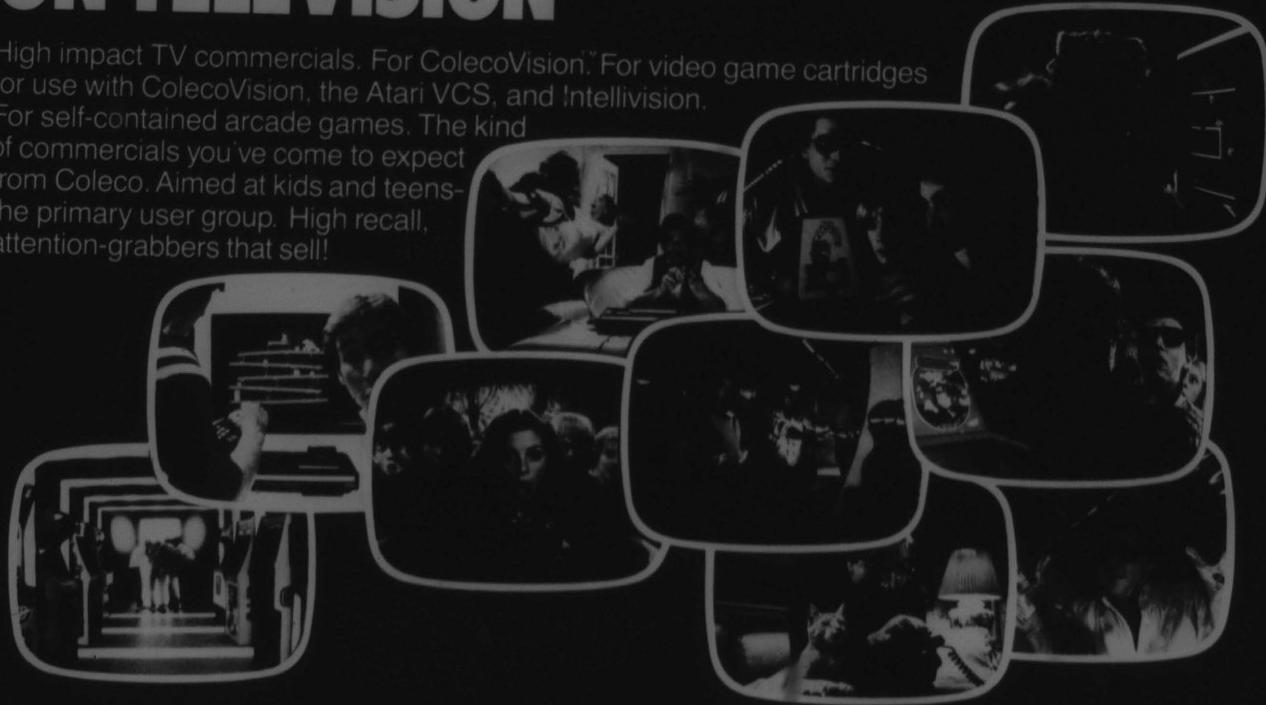
A. The difference between home and arcade games is they (arcade games) have rules, fixed times and so on. The home games can play forever but typically have 4,000 bytes. Byte limitation is really a challenge. Plus, designers want to do better each time so you're always scrunching your program to fit. You'll notice programs are gaseous—they'll always fill themselves. Activision's argument is fewer graphics and better game play. Mattel chose better image. It's always a tradeoff in bytes. To me, the game play is most important because you have to figure the cost per hour of entertainment. A movie is \$2 an hour for me. I usually spend \$5 an hour in an arcade. So, a home game has to be somewhere in between that. Most home games don't last 10 hours at an average of \$3 an hour. If you figure five people will play that game, then it only has to entertain each for two hours, but game play is still important.

I believe in Nolan's theme (Nolan Bushnell, creator of Pong and Atari) that says a game should be easy to learn and difficult to master. The good games are those that make instant addicts of you. But some people will like one kind of game and some will like another kind....It's a bell-shaped curve...we'll call it game definition. If the top of the curve is easy to learn, difficult to master; the

(Continued on page 66)

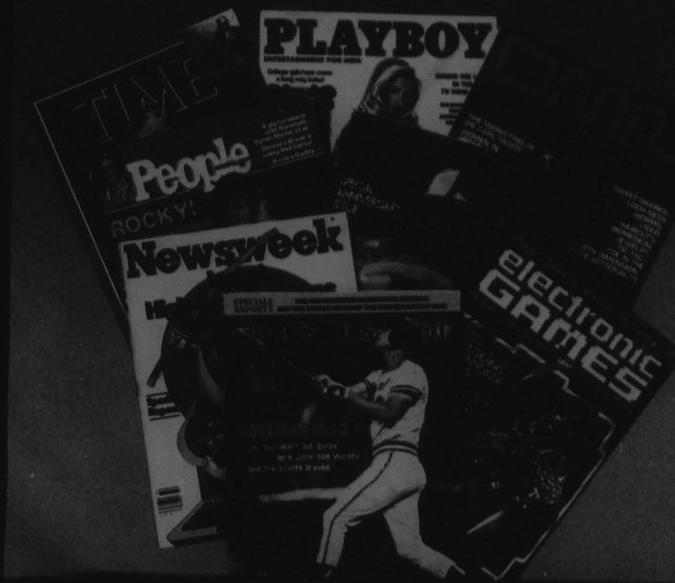
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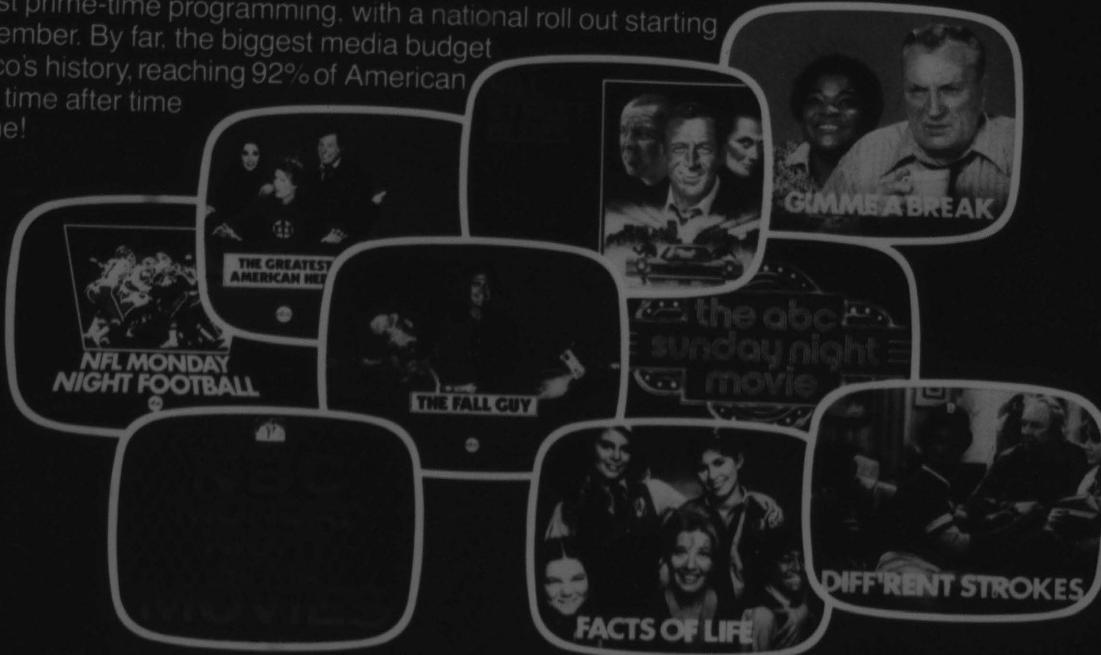
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MERCHANDISING VIDEOGAMES

Retailers fear 'giveaway prices' on software

By Richard A. Marini, assoc. editor

NEW YORK—It's with a wary eye that many discount and department store buyers view videogames. While realizing it's one of the few bright spots in retailing today, retailers also claim the category is a minefield of potential problems including near-suicidal price cutting and a high defect rate.

And through it all, despite the complaints, a feeling of optimism is apparent. For whatever happens to the Pac-Men, Defenders and Chopper Commanders of the world, retailers who spoke to *Merchandising* said games are getting people used to the idea of having computers in their

living rooms, paving the way to a whole new, and potentially very profitable category—home computers.

Retailers' most ardent fear in videogames is losing their profit margin, which fluctuates wildly across the country. For instance, *Merchandising* spoke with retailers selling Pac-Man anywhere from \$24.99 to over \$30. Even Defender, perhaps the hottest selling game at the moment, is going for only \$22.99 at Luskin's in Baltimore.

Such "giveaway prices," according to Luskin's senior buyer Joe Rosario, are caused by the proliferation of game outlets and resulting price

competition. "Who isn't selling games?" he asked.

J.A. Conley in North Canton, OH, has had better luck protecting itself by not trying to dominate the market, said buyer Jim Heffernan.

"If we can't get a 17 to 20 percent margin on software, we just leave it alone," he said, adding that Defender is selling for \$36 in the company's 13 stores. "If we're getting pounded, we'll bring Pac-Man down to \$29.88. But we've stayed out of the cartridge advertising battle so far."

Another store protecting its profit is Kay Stores in Mt. Holly, NJ. Here they "bend over backwards" to buy direct whenever possible, according

to buyer Jon Rodman. "It's the only way we can be competitive and still make a profit," he said. Defender sells for \$32.89. But because of its recent poor showing, Pac-Man will soon go for \$23.99.

"We went through 360 Pac-Man cartridges at more than \$30 the first week we had it," explained Rodman, echoing what many buyers told *Merchandising*. "But after that, the game died very fast."

Although Pac-Man is being discounted faster than most cartridges, many retailers mentioned they carry a limited line of rock-bottom priced games. These include some of the very first Atari-released games which today sell for as low as \$8.99 when on sale. Retailers said carrying a few units each of such cartridges is more profitable than simply "retiring" them and shipping the cartridges back to the manufacturer.

Several, although not all, retailers also complained about high defect rates in videogames and software. One New York City-based store, Borgers, has all but pulled out of the field, selling the games only during the Christmas season, for this reason.

"We're heavily involved in servicing the products we sell," explained manager Chris Clark. "And it's not worth it to have to service videogames. The manufacturers take the games back, but so what? The customer is still upset when she has to bring it back to us."

Not all retailers voiced this complaint, however. One chain in Southern California, made up of more than two dozen stores, buys enough to offer disgruntled customers quick, over-the-counter exchanges, according to the store buyer, who asked not to be named. This eliminates waits while the hardware is fixed.

Pick what's popular

Trend spotting is one way retailers mentioned they stay on top of things in this fast-changing business. Several said they were caught with more Pac-Man cartridges than they could sell soon after the little yellow muncher made his appearance. For this reason, they said, buying from a distributor offers good protection. This way, they can cherry pick easier and buy only best-selling cartridges.

"Titles go hot and cold so fast it's almost impossible to buy direct," said one retailer who works with a distributor when buying all but Atari.

At J.A. Conley, videogame sales are kept on the store's POS computer. This allows buyer Jim Heffernan to keep close track on what's selling on a day-to-day basis.

"We just dropped 22 titles and picked up 18 three days ago because we know what's popular and what's not," he said. "You have to show the newest cartridges all the time."

Another retailer in LA said he keeps a sharp eye out for new television commercials and then stocks up on those games spokespeople such as George Plimpton sell. Intellivision's sports games and its new space game Star Strike were all mentioned as quick sellers because of their television exposure.

This tactic can backfire, however, especially if the manufacturer doesn't have enough product out in the market once commercials break. According to Jon Rodman, Atari was the winner this past year when Kay Stores couldn't get Intellivision hardware or software to meet the demand caused by Mattel's commercials.

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MATTEL TRAINING SESSIONS teach merchandisers how and what to teach retailers. Pictured is director of training Bruce Chison and a class.

Merchandising specialists, training schools help educate new videogame retailers

CAMPBELL, CA—As videogames become more sophisticated, manufacturers are realizing retailers need help selling and merchandising the growing category.

Data Age, here, is aiming to improve retailer videogame savvy with its merchandising/marketing specialists. The proposed specialist team will consist of what vice president of marketing Robert Rice calls "high-calibre marketing people with 15 to 20 years of experience."

The specialists will show distributors how to work with retailers to improve sales and sales techniques and will tailor-make sales and marketing plans for each retailer's marketplace.

Aiming to do its share in educating is Arcadia, Santa Clara, CA, with its national demonstration program. President Alan Bayley told *Merchandising* the program is designed to train salespeople at the retail level and to aid in-store merchandising and demonstrations.

"It's really difficult when retailers sell everything from hi-fi's to calculators to home videogames. How they know how to turn them all on is amazing. We want to help them on that score," Bayley said.

Hoping to solve the same problem with its 200 training schools in 40 cities is Mattel, Hawthorne, CA. Vice president of sales Richard Hoag said Mattel took its cue from the cosmetic industry's in-store training and is putting a lot of money into training.

Forty-eight merchandisers currently are teaching retailers the functional aspects of Mattel products, proper merchandising, how to sales bridge, how to housekeep and how to sell the person buying a hardware component an additional five to six game cartridges.

7 tips for choosing titles

NEW YORK—Feeling overwhelmed by the deluge of software suddenly available? *Merchandising* has put together a list of ways to judge software sales potential based on retailer and manufacturer suggestions.

1. Popular arcade games will be popular home games. Manufacturers don't always agree with this, but retailers suggest keeping up with arcade trends.

2. Form a direct pipeline to the kids. According to Imagic president William F.X. Grubb, kids are the ones who ultimately play the games and convince the parents to buy, so their opinions should be seriously considered.

3. Manufacturers suggested retailers become game players them-

At Activision, Mountain View, CA, 38 merchandisers are based around the country to train and educate the retailer on the games available and how to play and best merchandise the games, vice president of sales Robert Faught said. The merchandisers learn their job via Activision seminars and training.

"We keep them current with marketing trends and competition," he said. "They help retailers set up point-of-purchase displays."

Jan Marsella, Activision's manager of customer relations, pointed out retailers and customers can call the company's toll-free number anytime they need help learning a game.

"Retailers are, in essence, there to sell the games and may not always know exactly how to play, or how to teach the customer to play the game. We don't think any customer should have to buy a game without knowing exactly how to play, and so we have videogame specialists who can answer any game questions for the retailer or customer," she said.

Computers sell computers

Eric (Electronic Retail Information Center) recently has been introduced to retailers by Atari, Inc., Sunnyvale, CA. The Atari unit actually is an Atari 800 home computer hooked up to a videodisc player.

It's designed to discover the customer's computer needs and aid the retailer by switching on the appropriate customer information. Thirteen messages are programmed on the 26-minute videodisc. Five hundred units have been shipped. The company also has a host of in-store merchandisers who train retail salespeople and keep them updated on current home videogame trends.

selves in order to better evaluate graphics and playability.

4. Use a computer point-of-sales system to track videogame sales. You'll be able to identify the winners and the losers this way and can buy again accordingly.

5. Get a good distributor or jobber who can pick the winners for you.

6. Take a good look at who's manufacturing the games. Are they able to provide retailers with advertising and merchandising support?

7. Retailers might think about forming videogame clubs or rental arrangements. By tracking the games rented, or purchased, they might get a clearer picture of customers' buying habits.

Catalogers look at popular arcade games, manufacturer backing to pick best titles

By Peggy S. Bresnick, assoc. editor

NEW YORK—Catalog showroom electronics buyers project possible peaking of the home videogame market in the not-too-distant future. The silver lining of this dark cloud is home computers are rising in popularity, and may take over as strong sellers when videogames leave off.

With the deluge of available products and the vast numbers of retailers selling goods, price erosion has begun to take place in the videogame hardware and software area.

Videogames are still a large portion of the electronics business right now, but in the future, people caught with a lot of cartridges and consoles will be in big trouble," according to Carl Sweat, merchandise manager, Allied Wholesale/Key Catalog Showrooms, Augusta, GA. Sweat recommends ordering good quantities of the best-selling cartridges.

"We'll continue to have depth, and plan to buy heavily on the two most popular Atari cartridges. The marginal ones may either be dropped completely or ordered more conservatively for the fourth quarter," Sweat noted. His buying philosophy relies on maintaining about 35 titles.

Uses distributors

For George Hayek, electronics buyer for Luria & Son, Miami Lakes, FL, using more distributors will be a key in fourth-quarter buying strategy. Hayek also plans to buy more conservatively for the quarter.

When choosing inventory from the wealth of titles, Hayek relies on the strong track record of sports games. "I'll pick a few titles of sports games, and a smattering of space and Master Strategy games. I'll also figure how much backlog the manufacturer is giving the title," Hayek explained.

Hardware generally is super price-competitive, while software is where profit margins are larger. Markups on hardware amount to less than 10 percent, while software is marked up about 23 percent, reported Joe Giometta, electronics buyer for Towers, Secaucus, NJ.

When choosing software titles, Giometta examines the cartridges' popularity in arcades, and determines which game themes have been, and are expected to remain, popular.

Open-to-buy has increased dramatically for Towers in the videogame department. The percentage of increase amounts to between 25 and 40 percent.

Al Jenkins, electronics buyer for Dahlkemper's, Erie, PA, also has expanded the firm's open-to-buy, due to the fact the chain is selling more and more videogames. "But with the proliferation of products out, you can get backed into a corner very quickly," he pointed out.

"At first, we carried everything available, but we've become more selective. You have to be on top of the marketplace and see what's popular, especially in the arcades. If a game is popular in the arcades, people are going to want to have the game at home as well," Jenkins noted.

For the fourth quarter, Luria's Hayek expects price erosion, attributing this to the overabundance of goods. "There's much more availability — too much so, in fact," he said. "Last year, there was more control on supply and demand."

The competition, according to Hayek, is overwhelming. "Everybody

is carrying the cartridges — even gas stations and pool supply stores. It's getting ridiculous," he said.

Software prices will have to fall, Hayek explained. "And it's difficult to maintain a profit margin. This is something no one wanted to happen."

Towers' Joe Giometta agrees with Hayek's assessment of the situation. "The danger of the business is the possibility of price reductions and price erosion. It happened to calculators and watches and it can happen with videogames," Giometta said.

The home computer market offers an opportunity for retailers to continue the strong sales momentum that has been started with videogames.

Home computers carried by Dahlkemper's include Texas Instruments and Atari. "These are selling well. The home computer business is on its way," according to electronics buyer Jenkins. "The pricing is down low enough that customers are buying these instead of the game consoles."

Allied Wholesale also is selling home computers by Texas Instruments. The unit's versatility is one reason it is selling well, said Sweat.

Open up new market

Home computers open up a whole new market for video, according to Luria's Hayek. "The typical buyers for home videogames are families, especially if there are children or teenagers. It's not a middle-aged category," he said. "But home computers are a different story because these will suit all sorts of home needs. As people see this, they'll invest the few dollars more, and buy the unit. Then, it will become more of a middle-aged category."

Towers is carrying home computers as well, including Atari 400, retailing for \$249, and the Texas Instruments model 99/4, selling for \$299. "Price points are so tight in the area that we hope to make money on the software," reported Giometta.

Home computers should become more popular, if the consumer perceives them as good investments. "I feel this could be the last season for videogames. With the home computer, people can have the game capacity as well as other functions, and this will cause the demise of the videogame category," Giometta predicted.

Terry Segall, CEO, Segall & Sons, Columbus, GA, disagreed. According to Segall, "The computers don't have public appeal yet."

Currently, the firm does not carry the more sophisticated home computers, but may consider the Texas Instruments model in the future. "Everything you can do on a home computer can be done with pencil and paper. Very few people know what to do with home computers today," he added. "The more sophisticated models are in the \$2,000 price range and out of the reach of most people."

Segall does not see videogames sales slacking off at all yet. Segall & Sons has been stocking the \$140 Atari unit and the Atari 400, retailing for \$275. In addition, the firm carries Intellivision. Software carried includes about 60 titles.

To choose from all the titles available in software, Segall asks manufacturer's reps to rank sales of different games. "Then we take the top 15 or 20 of these and don't bother with the rest," Segall said. "We'll also see what titles are being advertised heavily, and what's becoming more popular in the arcades."

MERCHANDISING VIDEOGAMES

Videogames go Hollywood as entertainment biz takes game licensing, creation, distribution role

By Anne Krueger, section editor

HOLLYWOOD—Wokka, wokka, wokka, chomp, chomp—a frame from a familiar videogame? No, it could be a scene from next year's hit movie as the day nears when movies are made from videogame themes, instead of vice versa. (Pac-Man already is the star of an ABC cartoon series to air this fall.)

It's not unlikely since movie studios rapidly are stirring up the videogame business. Just within the past six months, MCA, Paramount, Fox, CBS, Walt Disney and Lucasfilm, Ltd., enthusiastically have linked up with the home game business in licensing, creation or distribution roles.

Game manufacturers who've been in the business awhile view the studios' expeditious entry warily, pointing out good movies don't necessarily translate into good games.

But Saul Knaizick, executive vice president at Emerson Radio Corp., Secaucus, NJ, thinks the move shows other people's confidence in the electronics industry. "The involvement of people like Spielberg and Lucas, and others of their ilk, shows their research indicated this is a long-range business," he said.

The studios' involvement is logical if they plan to play catch-up ball with Warner Communications' profitable Atari, Sunnyvale, CA. Atari's latest connection with the film business is its creative venture with Lucasfilm, San Raphael, CA to develop and

and E.T.) is in on the venture and it's a good guess the game creation process, as well as the final products, will take an interesting turn.

But other motion picture companies are taking different tacks.

Taken distribution function

At Paramount Home Video, Hollywood, a new wing called Sega Distribution has been formed and its function is to "use arcades to release products the same way you use theaters to release movies."

Vice president and general manager Richard Childs explained: "Our concept is to evaluate the potential of the videogame for the home market in the arcade first."

Paramount can do that because it owns 90 percent of Sega Enterprises, a leading arcade game manufacturer. By naming its distribution wing Sega, it hopes to claim identification with the arcade games and build Sega into a household name.

Sega Enterprises recently spent \$150,000 to create a computer-animated 30-second commercial for Zaxxon. This is the first TV commercial luring customers into an arcade and with it Paramount hopes to further build Sega's home game reputation.

Paramount currently is distributing several Coleco Atari-compatible game carts. Although Childs claims Paramount isn't at the stage yet to create its own home videogames, he said it's possible the company might license some of its movie characters (Paramount has the Star Trek characters) or create its own games around movie themes.

In another entertainment/distribution venture, CBS, Inc., New York, has become the exclusive foreign distributor, except in Japan and Canada, of ColecoVision and Coleco game cartridges. CBS, Inc.'s CBS/Columbia Group then formed CBS Video Games, a new unit of Gabriel Industries (the company's toy and game division) to manufacture, market and develop home videogame versions of Bally's coin-op games. ColecoVision has been sub-licensed.

Not just licensing

Walt Disney first got into the videogame picture with its licensing of the movie Tron to Bally and Mattel. The studio also may be forming its own videogame division.

MCA Home Video, Universal City, also is actively looking at opportunities in licensing movie characters, but also is considering creating games within its technical videodisc division, president James Fiedler reported.

"It's still under discussion what exactly will happen," Fiedler told *Merchandising*. "To assume MCA will charge out and build a manufacturing facility is, fortunately, within the realm of funds, but realistically, we're more likely to buy something. It could be a manufacturing business in the game industry or it could be a joint venture. Or we could buy a home game company. We're actively pursuing all of these avenues."

Fiedler claims a movie based on a videogame would be feasible and profitable.

Fiedler said MCA/Universal has been creating a set of game-useable characters over the years. "We have

Frankenstein, Dracula, Bruce the Shark (Jaws). We're releasing another Jaws and another Smokey and the Bandit this spring—those are well-known, popular characters." The company recently licensed its movie character E.T. to Atari.

MCA has had a merchandising division for 10 years that has exploited Universal's movie characters for merchandise—towels, rubber dolls, etc.—anything that consumers like and invade the home, Fiedler pointed out. To use characters for games is just another step.

Blanket merchandising

"For instance, Smokey and the Bandit—we'd want to get them on every kind of merchandise. Videogames haven't reached that point yet. There seems to be a theory that a game shouldn't be on all hardware, although that's slowly changing. If we had a Smokey and the Bandit game, it would be available for all hardware or a number of Smokey games would be available," he said.

MCA plans to make more definite plans announcements by the end of '82 and may introduce a rudimentary product by December. New products of any sort of sophistication will be out in mid-1983 and will be distributed through video-boutique type stores, Fiedler said.

Game Cos. blast off 4th qtr. with contests, sweeps, promos

NEW YORK—There's no shortage of videogame hype this fall as manufacturers enter the all-important fourth quarter aim to excite consumers and retailers. A sampling of games, sweeps and contests follows.

□ The Name the Game contest from U.S. Games (Vidtec) is a "dynamite promotion scheduled to hit retail stores with p-o-p materials, window banners, counter cards and entry blanks later this fall, according to marketing communications manager Ron Evans.

An untitled U.S. Games box will bear the screamer: NAME THIS GAME! "Everyone who is a game player thinks they could make their own great game. They can't. But they can have fun naming a game, and winning from among the \$25,000 in prizes," explained Evans.

□ 1,000 *Odyssey 2* game systems will be awarded as second prizes in the *Odyssey/Kellogg's Instant Win Video Game Sweepstakes*. Two grand prizes of *Odyssey* systems, 35 *Odyssey* game cartridges and a Magnavox large-screen projection TV also will be awarded. The *Odyssey* hardware will be featured on 30,000 boxes of Kellogg's Sugar Frosted Flakes.

Kellogg's is providing the p-o-p materials for the promotion.

Odyssey also plans an in-store Pick-Axe Pete Pick-Off contest for retailers later this fall.

□ It's rumored if customers play Data Age's free game vignette record faster, or slower, or backwards, or upside down, or something—a secret message may

After introducing four non-movie related home videogames at the summer CES, Fox Home Video, Saratoga, CA, plans to be shipping three movie-related games by the end of this year, according to vice president of marketing Al Pepper. Another non-movie game also will be released before 1983, he said.

"The releases are based on science-fiction movies that really translate into good game concepts. It's no different from using a book or play to make into a movie to have a movie translated into a game," Pepper said. "We're just extending that to the game concept."

For now, Fox plans to "test market" the games with the movie release first, but would love to release a game and a movie at the same time, Pepper said. And, like MCA's Jim Fiedler, he believes the day is not far off when a movie will be based on a game. "That could happen," he said. "What you do with creative products can work all different ways. Look at what they did with a song The Gambler. They made just a song into a decent made-for-TV movie."

Pepper said Fox's aggressive advertising plans for the fourth quarter can't be revealed but could say Fox plans to become the software source in the long-term business. Although games only are Atari-compatible now, as other hardware gains market share, Fox will expand. Meanwhile, "Our forte is we have the strong creativity source with the Fox studio," Pepper said.



PARAMOUNT AND MCA are taking distribution roles in the videogame biz. Pictured is Paramount's Richard Childs, up and general manager, and James Fiedler, MCA Home Video president.

market videogames for coin-op games, home videogames and home computers.

Although Atari's vice president of consumer electronics, Ron Stringari, downplayed the relationship, calling it a "completely technical venture, not a game venture," Lucasfilm president and CEO Robert Greber said, "Together we intend to dramatically affect the evolution of the electronics industry."

Lucasfilm's Industrial Light and Magic special effects division (creator of effects for Star Trek II, Poltergeist

be heard that will win the listener a grant prize like a \$4,000 scholarship, Robert Rice, vice president of marketing, said.

□ Defend Atlantis (and Win Its Lost Treasure) is an Imagic promotion which started in August and runs through Oct. 24. The promo is oriented for the trade and for consumers, according to James Goldberger, vice president of marketing. "Retailers can win a week in Bermuda by creating the best-looking display or by sending us a photo of their high score for the Atlantis home videogame."

The Atlantis game-playing consumer will have a chance to win \$10,000 in an Imagic shoot-off, Goldberger said. Four contestants will fly to Bermuda for three days to compete in the shoot-off. Three runner-ups will win \$1,000 each; other prizes include 250 snorkeling sets and 1,000 Defend Atlantis T-shirts.

□ Taste the Thrill of Atari at McDonald's is the eight-week promotion which began in mid-August and will make winners of everybody, according to Ron Stringari, Atari vice president of consumer electronics.

Over 500 million rub-away game cards featuring Centipede, Asteroids, Star Raiders and Missile Command will be distributed via McDonald's restaurants while retailers receive heavy backing in p-o-p, Stringari said. Prizes include free food from McDonald's, free Atari merchandise including 10,000 VCSs, games, 400 and 800 home computers and 800 coin-op Centipede games. "To show dealers the magnitude of this, on non-

(Continued on page 65)



VIDEO MAGIC
president Manuel
Aizen



At Video Magic 'open door' policy is key to selling loads of videogames

By Mark A. Klionsky, associate editor

RICHARDSON, TX—On first glance, one might easily mistake Video Magic for a videogame arcade. The high-end specialty retailer has established a successful videogame business in this middle- to upper-middle-class Dallas suburb. The category now generates 30 to 40 percent of the store's annual volume.

The key to selling videogames is maintaining an open-door policy with customers and potential customers, according to Manuel Aizen, president. "People coming in day after day to play the games builds sales," Aizen said. "They know where to go when they are ready to buy a game."

"It is very difficult to compete with the big department stores on hardware. But once you make friends with the people coming in every day, they like to buy from you," he said.

Hardware and software are merchandised in 200 sq. ft. of space in the store. Video Magic's hardware selection includes Atari's VCS (\$149), Mattel's Intellivision (\$219) and Astrocade (\$220). The consoles are displayed on shelves along one side of the store. Each unit is hooked up to a television. Although all of the software is kept behind a glass counter, the games are accessible to the customers.

"We do the same thing with games as we do with movies on videotapes," he explained.

"We are successful in selling the cartridges because when somebody comes in and wants to try a game, we will give him as many cartridges as he wants to play. He gets to see all of the games in the store and it is easier to decide which ones he'd want to buy," he said.

Aizen also pointed out the store gets very few returns as a result, and the percentage of defective games is very low.

"We never get someone saying, 'I don't like the game. I didn't get to try it.' We let them try all the games. People often need to touch it before they want to buy it," he said.

The dealer usually will let children come in and play games, even if they currently are not customers. He thinks it often is just a case of the child trying to convince the parents to buy a game. If and when they do decide to make a purchase, Aizen is confident the family will come to Video Magic.

Carries title selection

Video Magic stocks titles from Atari, Activision, Games By Apollo, Astrocade, Coleco and Intellivision. "There are lots of games that don't sell," the

retailer admitted. "We won't keep a great quantity; but we will still carry those titles. There is always someone that it appeals to."

Aizen starts off with 48 to 60 units and will increase to 100 near the holidays. Unless, of course, it is something like Pac-Man. "We went above 200 twice on Pac-Man and I wish I had ordered more. We were getting about 30 calls a day to see if we had it in."

Software accounts for 90 percent of the videogame business at Video Magic, and game cartridge sales are up 25 to 30 percent over 1981. Aizen believes the economy has helped his electronic entertainment business.

"We see more adults playing the games," he said. "Sometimes when the economy is bad, people will buy a game to stay home and enjoy it."

Perhaps even more important is the onslaught of more sophisticated, higher-quality games. And the number of companies getting involved in the business is building credibility for an industry once thought to be a fad.

"The graphics are much more attractive and it makes people want to have the games," Aizen said. "There are so many companies making games that it is hard for us to keep up with them. People are convinced that this is

no longer a fad. It has made a believer out of a lot of people, including me."

Game cartridges for the Atari VCS range in price from \$22.95 to \$37.95. The average is \$27.95. Mattel cartridges retail between \$23.95 and \$37.95. The average markup is 30 to 33 percent, Aizen told *Merchandising*.

Runs 2 for 1 specials

"We also run specials where we'll sell two games for the price of one. Sometimes we'll markup just three to five percent to bring people into the store," he added.

Space games and gobble maze games are the most popular for Video Magic's clientele. There also is strong demand for easy-to-play games for young children.

"Usually kids under 10 years can't play most of the space games. That's why games like Shark Attack and Lost Luggage are popular. They're easy games for kids to play and also fun for adults. It keeps everybody playing."

A category that has not seen much growth is brainy games, Aizen noted. "Games like Chess and Backgammon are very slow movers. People want to take a game home, relax and play it. They don't want to have to concentrate on outwitting a computer. That's the beauty of Lost Luggage. You don't

have to think about anything; the pieces are coming down and you just have to catch them."

Aizen compiles his own list of best-sellers to help keep on top of what is hot and to let customers know what other people are buying. Activision and Games by Apollo cartridges are usually at the top of the list, he said.

"Activision and Apollo are putting the market right into their pockets now," the retailer asserted. "It looks like Atari is sitting back on its name. Its games lack graphics."

Atari leads hardware

However, the Atari VCS at \$149 is still the number-one seller in hardware at Video Magic. The markup is only about 5 percent, according to Aizen.

"The real business isn't in the hardware," the dealer remarked. "If I can make five percent, I'm happy. Sometimes the competition makes it very difficult to make anything on hardware."

The average videogame purchase at Video Magic is about \$200. More than 40 percent of the people buying hardware also will buy at least two cartridges. "Everyone who buys an Atari will usually buy Space Invaders and Pac-Man. After that, they come back to buy a game about once a month," Aizen said.

Video Magic is starting to gear up now for the holiday season. The dealer is looking to sell 150 to 200 units during the fourth quarter of 1982. This would be a 25 percent increase over the previous year's sales. Aizen expects Coleco to be the most popular new kid on the block.

"Coleco games will be in very close competition with the rest of the games. We will do a good business because the hardware will be compatible with other games," he advised.

While he doesn't expect any shortages this year, the video dealer still is going to stock up on the popular titles.

"The past year's experience was that unless you got all of the software coming out as they came out, the titles become very scarce. We are buying heavily on most of the games," Aizen said. Video Magic probably will go as deep as 150 units on the summer's hot titles and the fall's new releases.

The dealer also is placing orders on Atari's 400 computer in addition to Texas Instrument's TI99/4A and the Commodore VIC. "There is heavy competition in this area," Aizen explained. "The prices are coming down and it won't be long before people step up to the computer rather than the units that just play games."



LOOKING INTO THE FUTURE is difficult, according to Video Magic president Manuel Aizen. "It just seems amazing that people are becoming used to having electronic games. The home computer is the next step." Video Magic currently has placed orders on Atari's 400 computer, the VIC 20 and Texas Instrument's TI 99/4A. Aizen expects customers to step up to computers as prices fall.

MERCHANDISING VIDEOGAMES

Video specialty dealers fear software margins will plummet

By Mark A. Klionsky, associate editor

PHOENIX, AZ—Home videogame sales increased 10 to 35 percent and gains of up to 25 percent are predicted for the fourth quarter, according to a spot check of four independent video specialty dealers and one specialty electronics retailer.

Although dealers now are gearing up for the holiday traffic, many are losing interest in the business. The chief complaint is competition from discounters and mass merchandisers has erased margins on hardware and now threatens to do the same with software.

Retailers reported margins on Atari VCS and Intellivision ranging as low as two to five percent. And many dealers reported selling the games at cost or below to draw traffic.

Software prices have held fairly steady as the fourth quarter approaches. Game cartridges for Atari and Intellivision range from \$10 to \$37.99. However, the average selling price has dropped into the \$24 to \$27.99 range. Typically, dealers are recording 20 to 80 percent margins.

Specialty dealers appear to be taking two very different approaches to selling the games. Some are putting the games on display and

"letting them sell themselves." Others are concentrating their efforts in this area in an attempt to restore profit to this volume business.

"Mass merchandisers, discounters and specialty stores can sell the games, making it difficult to compete," said Linda Rosser, owner of Entertainment Systems here.

"I don't want to see the games as loss leaders. I want them to be good profit builders, which they can be. I'm looking for good turn and a large selection to service our customers. They shouldn't have to become conditioned to wait for the games to be advertised in the newspapers at \$24.99," she said.

Entertainment Systems' overall videogame sales are up 15 percent this year. Most of the business is coming from software sales, according to Rosser. "I really don't see any markup on the hardware," she said.

"We sell the Atari at \$99 when someone joins our video club because we can count on them to buy several cartridges over the course of the year. This way we can make about 25 percent on the software," she added.

"Sometimes if I can make two points on the hardware it is a lot," echoed Bob Hager, buyer, Gordon

Electronics, Syracuse, NY. "VCS cost runs anywhere from \$134 to \$141 and we sell it for \$138 to \$139. If we're lucky we'll get seven points."

Hager said he makes 25 percent on the software but pointed out, "It should be better."

Gordon's sales have been soft this year, according to Hager. He's looking for a 25 percent increase in the fourth quarter. "We are putting a lot of confidence in the second-generation Atari hardware (5200)," Hager stated. "Hopefully it will retail between \$259 and \$299, which would provide a decent margin."

"I expect to sell 22 units in the fourth quarter, and that is being conservative. The VCS will be popular for its price point, but it will probably be given away. We have found it to be a very unprofitable business," he added.

It is for this reason that Columbia Video Systems, Highland Park, IL, carries only the Intellivision hardware and software. "I didn't want to be a loser in the battle to see who can be the cheapest with Atari," remarked managing director Gene Kahn. "It seems like dealers are having a race to see who can lose the most money and stay in business."

"The Mattel games seem to have more to offer profit-wise. Our salespeople try to get anywhere from \$240 to \$249 so we get a 15 percent markup. We'd like to get more but there are dealers literally giving it away," he continued.

Columbia Video carries all titles for the Mattel game. Prices range from \$19 to \$39.95. "We make about \$10 on the software and usually try to get a 30 percent markup," Kahn told *Merchandising*.

Kahn expects to sell 200 units of Intellivision during the fourth quarter. He also has orders in for the Coleco unit, which should be in place for holiday buying. Said Kahn, "If the Coleco game comes with Donkey Kong, as it is supposed to, we will sell a lot of units."

Ordered 400 units

Videoland, Dallas, also is looking to move big numbers with Intellivision and Atari hardware. According to operations manager Sam Crowley, the company ordered 480 Intellivision units in August. "I'm sure I will have to reorder this month," he said. "We'll be ordering larger quantities for our five stores as we get closer to Christmas. Right now Atari is selling three to one over Mattel."

However, the retailer pointed out, "We often sell below cost to meet market conditions."

Entertainment systems and Columbia video systems are taking an aggressive approach to merchandising games. Both recently started videogame rental clubs. While it is too soon for either outfit to evaluate results, both are looking toward substantial long-term gains.

The programs are based on the premise that if people have a chance to play the game overnight or over a weekend, they probably will buy it. Entertainment Systems rents the games for \$2 a day; Columbia charges \$2.95 for members and \$3.95 for non-members. Rental charges are applied to the purchase of the game.

"The program is starting to pay off already on the newer cartridges from companies like Apollo and Imagic," noted Entertainment Systems' Rosser. "People aren't familiar with the companies that don't have 'Atari' on the package. They'll rent an Atlantis or a Lost Luggage and then buy the game. This opens the door to sell the other games from these companies."

"The program also has created tremendous awareness for us," she continued. "I think in 30 days we will see the results of the thrust we put into games. I want to sell 75 to 100 cartridges a month of any given game."

The retailer compiles a list each week of the top 10 cartridges according to the store's sales and Cash Box's top 10. The purpose is two-fold. "It reassures the customer that he is making a relatively safe purchase," Rosser noted. "And it lets me know which games to buy deeper." Rosser usually buys 24 units of each software title. However, she'll order twice as much on the top 10 or 15 games. The retailer doesn't expect to have a problem in the fourth quarter with shortages.

"We need a large selection of titles for the club," she said. "But I don't want to go too deep on any one. If it means doing inventory and reordering every week, that's what we'll do."

Astrocade's Bob Ogden sees bright future for home videogames

Ogden: Again, compare it to the motion picture industry. Star Wars was just a remake of the old swashbuckling pirate movies and no one said that was unhealthy. There's really no such thing as a completely unique game. Everyone said that Qix the arcade game was such a breakthrough because it wasn't like anything that had come before. But Qix is just another version of the area capture games. It was successful and different, but not unique.

Merch: What are some of the short-term developments in videogames that you foresee?

Ogden: Games are going to become more complete, with characters, story lines and conflicts to be resolved. (Laughs) Granted, the stories aren't too deep, but that's where they're headed.



MORE COMPLETE VIDEOGAMES, with characters, story lines and conflicts to be resolved, is the next short-term development seen by Astrocade designer Bob Ogden.

Merch: When will this happen?

Ogden: Well, it's already begun with some games. Pac-Man, for instance, was perfectly tweaked, as we say. Everything fit. All the reinforcements meshed, the energizers, the fruits, the ghosts. And the game had a personality, everything from the little Pac-Man himself to the nicknames for the monsters to the little song that plays before the game begins—Pac-Man's theme. That game had the 'final two percent,' as it's called. That's what makes a good game a great game. For home videogames, the next generation will be very important. As memories are expanded, you're going to see a better feeling for the color and resolution in the graphics. There is so much more we can do with the home games.

Merch: How else do you see games developing to appeal to, say, small children?

Ogden: The educational game is an area that's been virtually ignored by most manufacturers. A good educational game, in my opinion, is one that, if you took all the educational aspects away, would still be a fun game to play. We're working on games that will strategically allow children to be more successful only if they learn while playing. Whether it's learning to add, subtract, read, whatever.

Merch: What about the claims that videogames are unhealthy. That they're somehow a sinister force and the person playing is simply wasting his or her time?

Ogden: Personally, I think a person will learn a lot more playing Space Invaders than by watching reruns of Gilligan's Island. Children six and under, for example, can gain a lot visually from the games. They sharpen themselves mentally and learn about color, about motion. And once the educational area is developed further, there'll be even more benefits. A home videogame is really just another form of family entertainment.

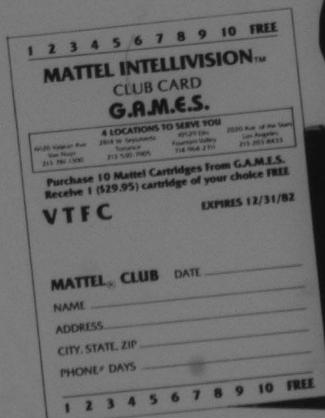
—Richard A. Marini

Merchandising talked with Ogden, now 27, at his offices here.

Merchandising: Tell me about Action Graphics.

Ogden: We're a real cottage industry. I've got people all over the country who work on games. Fourteen in all and I hope to have 20 by the end of the year. These authors, as we call them, work on their ideas from their homes and we communicate back and forth. I try to guide them through the game development. To make the analogy between us and the motion picture industry, I'm the producer and they're the scriptwriter, or even the directors.

Merch: Do you think all the new games coming out that are really just take-offs of already existing games are healthy for the industry?



CLUBS BUILD REPEAT BIZ at four G.A.M.E.S. locations. Owner Joel Gilgoff has built his pinball hobby into a \$4 million business with retailing ideas like clubs, salespeople trained as demonstrators and snazzy graphics for the stores' newsletter, mail-order catalog and magazine ads.



Retailing: it's just a game to Joel Gilgoff

By Anne Krueger, section editor

VAN NUYS, CA—What started as a pinball hobby for Joel Gilgoff here grew into a \$2 million retailing and mail-order business last year. Gilgoff expects to snare \$4 million from his four G.A.M.E.S. stores and 6,000-member mailing list by year-end '82. Videogame sales grew from 25 to 40 percent of that business this year.

G.A.M.E.S. definitely is a games store—coin-op games, one-armed bandits, antique games, pinball machines and videogames galore, plus related accessories. In fact, if a customer has a penchant for Pac-Man, for instance, at G.A.M.E.S. he'll find the Midway coin-op Pac-Man for around \$2,495, the Coleco stand-alone Pac-Man tabletop model for \$69.95, Pac-Man for Atari's 400 or 800 computer at \$44.95, Atari VCS Pac-Man for \$37.95 and Pac-Man jackets, hats, watch games and so on.

"Our claim to fame is we carry everything—software, hardware and accessories," Gilgoff told *Merchandising*. "We're the supermarket of videogames."

Gilgoff is a pro. An ex-IBM man, he's also an avid and opinionated game player and an aggressive marketer—\$100,000 each year is earmarked for advertising and considerable money, time and effort go into G.A.M.E.S.' Mattel and Atari clubs and newsletters, its telephone hotline and mail-order catalogs.

Clubs build repeat business

To build repeat sales, since G.A.M.E.S. is not a discounter known for the lowest prices, the stores offer clubs for Atari and Mattel game purchasers. Anyone purchasing a game cartridge from either of those companies is enrolled in the club and given a card to keep track of purchases. Every eleventh game is free. Members also receive a quarterly newsletter.

G.A.M.E.S.' \$2 videogame and accessory catalog is sent to 6,000 people across the country. When they order, they too become club members. "With the industry going so discount, we'd like to do more direct-response business," Gilgoff said.

G.A.M.E.S.' catalog and mail-order business is touted via advertising in national magazines such as Games, the Playboy publications, Arcade magazine, Video Games magazine and Video Game Player magazine. Ads are one-third black and white or full-page color, Gilgoff said.

A catalog update sheet is sent out as new products come in.

Weekly advertising also appears in the Los Angeles Times, generally in the Saturday sports section. G.A.M.E.S. often runs specials in these ads such as "Buy an Atari or Intellivision at our regular price and get your choice of cartridge at a reduced price (\$14 to \$25)." As with other retailers *Merchandising* has spoken to, software is where the money is made.

The number 213/901-1005 is a popular one in the L.A. area and around the country. It's G.A.M.E.S. 24-hour hotline that announces the arrival of each new product. "It's a pre-recorded message that we change daily," Gilgoff explained. "It's very popular. We have irate mothers call and say 'Your phone number appears on my bill 20 times a month!'"

The hotline averages 100 to 200 calls each day on 10 phone lines.

Gilgoff also has moved into the hardware business himself with the G.A.M.E.S. joystick. "We saw the need for a good joystick so we went to a commercial manufacturer and they're making it for us," he said. "The joystick is for the Atari VCS or 400/800 and is virtually indestructible. We're the only place you can get it on the West Coast and we offer a one-year across-the-counter warranty."

G.A.M.E.S. will remain a game store whether videogames flop or fly, Gilgoff said. He thinks the home video market is approaching maturity. "There's a certain kind of buyer who buys one of every kind of game," he explained. "He's like the collector. But, the general public is more picky; and like in the record industry, what's in vogue today will lose customer appeal very soon."

Gilgoff claimed manufacturers are operating under a misconception. "They think all the older titles are like money in the bank as more people purchase the VCS. But they are wrong," he told *Merchandising*. "People aren't buying them."

The number one problem today, Gilgoff continued, is how to get rid of those older titles. "By old titles I even mean Atari's Defender and Pac-Man. That's how fast games get old in this business. After the first rush, it's very hard to sell almost any game." G.A.M.E.S. has been selling some of the older games at cost.

The solution to a problem like this is being more selective, Gilgoff said. "We can buy almost anything because having four stores makes it

easier to sell 24 to 48 cartridges of any game. But we're cutting our inventory and our ordering pattern compared to last year is way down. We're in a recession. Business is slow and we're feeling it. Because the economy is so slow and because people know electronic games sell, they're carrying them everywhere. There are too many people selling videogames. Although manufacturers may have a great year, and we plan to increase sales, I think a lot of retailers will be near cost."

Close to 150 titles are carried at G.A.M.E.S. for the Atari VCS, Atari 400 and 800 home computer, Intellivision, ColecoVision and Odyssey. The store also carries General Consumer Electronic's stand-alone Vectrex game. The four stores sell an average of 500 cartridges a week and hope to bring that number to 1,000 a week during the fourth quarter.

Around 100 hardware units are sold each week, at cost. Average sale is two cartridges at around \$60.

Offer service with a smile

G.A.M.E.S. is a firm believer in service with a smile. Customers can't help themselves to game cartridges so employees demonstrate everything, Gilgoff said, although lots of people

buy without a demo.

Gilgoff hears more and more customers demanding "realism" closer to arcade games and better graphics. "The trend is toward better and better game quality as more and more manufacturers enter the market," he said. That's why he thinks a product like GCE's Vectrex will be popular this Christmas. "It's the only vector-oriented game and can provide far superior graphics to the raster-scan found on a TV screen. Plus, a lot of people still think games hurt TV's so Vectrex will solve that problem." Gilgoff has ordered 200 Vectrex units.

Along with better graphics, Gilgoff sees a definite shift toward game computers. "The tremendous acceptance of home video will lead to future explosion of arcade video so the commercial arcade business will get better and better, too," he said. "Then one year from now the price of the home computer will come down enough to completely wipe out the VCS."

What else does Gilgoff see in his crystal ball? "Cartridge costs must get lower. Manufacturers have an excessive mark-up. It's exorbitant." G.A.M.E.S. profit margin on game cartridges is between 30 and 40 percent.

Accessories jump on game bandwagon

NEW YORK—Videogame furniture and accessory manufacturers rapidly are jumping on the profitable videogame bandwagon.

Between \$30,000 and \$40,000 is being spent on advertising during the fourth quarter by Video Specialties, a division of Malo Bauer Corp., Mt. Clemens, MI.

Secretary/treasurer Donald Bauer reported the money will be spent in consumer publications, especially those serving the home videogame field such as Electronic Games and Home Video.

The company plans to produce other videogame accessories as the boom continues. For now, it offers a hardware dust cover retailing for \$14.95 and an Atari game cart selling for \$59.95.

Joysticks are big business for Wico, Niles, IL. The company has supplied arcade control devices for 42 years and now offers home game joysticks that fit Atari, Sears, Commodore, Texas Instruments, Apple, Odyssey and Radio Shack.

Wico offers two stick models, a ball joystick and a trackball with a 360-degree movement.

Also offering joysticks and other videogame replacement accessories is Recoton, Long Island City, NY. Spokesperson Peter Resko told *Merchandising* Recoton has over 1,000 electronics accessories items; over 200 in the video category.

In the home game arena, Recoton offers customized dust covers for Atari and Mattel hardware, and a whole line of replacement parts for home games.

Videogame furniture for Atari or Intellivision components is available from O'Sullivan Industries, Inc., Lamar, MO. The company offers what it calls "a complete videogames center."

Bush Industries, Little Valley, NY also offers two game carts for videogame use. Suggested retail for the carts is \$34.95 and \$49.95, according to vice president of marketing William Schaeffer.

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WATCHING THE TV ACTION and hitting the controls at the same time may be hard for any other dog, but Kelly's had lessons from a game pro.

Game pro wants better graphics, more role playing

(Continued from page 45)

windows were closed against the blazing sun. The conversation follows. Merchandising: "How long have you been into home videogames?"

Kevin: Ever since they came out. I played arcade games before that."

Dad: We got the Atari VCS about three years ago and added the Intellivision last Christmas when we decided to expand our horizon of game playing. Intellivision's graphics are much better.

Merch: What games do you like the best?

Kevin: I like the role-playing games the best.

Merch: What games do you like the best?

Kevin: I like the role-playing games the best.

Merch: I never thought I'd hear a 12-year-old say that.

Dad: He really likes all the games. We bought a lot of games at first and then our buying dropped off. It picked up again after we bought the Intellivision. Lately, everything is a take-off of every other game that's already out.

Kevin: I like the Imagic games and Activision has some good games. I like Demon Attack — I play that a lot.

Merch: What improvements would you like to see in home videogames?

Kevin: I'd like to see more arcade games in home video; the arcade graphics are still a lot better. I want better graphics.

Dad: Atari, to my mind, has been very disappointing compared to everyone else. We just got Defender and that was pretty good but Demons to Diamonds is new and is nothing special.

Kevin: We rushed to the store early today and were the first ones to see the Demons to Diamonds game...

Dad: But it was just another disappointing cartridge.

Merch: What do you think of the recent innovations like voice in games?

Kevin: I don't think Intellivoice will do much for the game...just another distraction, I guess.

Dad: I don't know how the voice will get integrated into the game. We'll have to see how it works.

Merch: How often do you play the games and do your friends have games?

Kevin: I play about an hour a day — maybe a half hour during the school year when I have homework. Nine out of 10 of my friends have games. At the school I go to there's a computer club and we'll all join that next year. I usually play the games by myself. If my friends come over we'll play the Intellivision because the games are more fun to play with more than one person.

Merch: Does your mother play?

Kevin: You should see her. She likes Canyon Bomber. One time she played Pac-Man and she got hysterical because she couldn't clear it. She kept asking me to clear it for her.

Merch: Do you think home video games are paving the way for computers?

Dad: I think the VCS concept will get bigger and bigger in terms of memory. Once you have the main memory you can keep expanding on that.

Kevin: My friend, David down the street, has an Apple computer. I like it, but his dad doesn't like us to play the games on it because of the keyboard activity. You have to use the keyboard a lot.

Dad: If I'm going to buy a computer, it's going to be a big one — not an Atari, and we'll use it for home use and for entertainment.

Merch: Do you think playing home video games so often is unhealthy?

Dad: I think it's good clean fun. I think the games are good for him and teach him competition. Competition is healthy and it's just the way things are in life — he may as well learn that. Anyway, it's the entertainment of the future.

Kevin: It teaches me hand and eye coordination.

Merch: Do you have many game accessories?

Kevin: We have about four kinds of joysticks. They break a lot. We have the joystick that the G.A.M.E.S. store makes and it works good.

Merch: Do you belong to any clubs or do any contests?

Dad: Activision does patches and sends out a newsletter, he likes that.

Kevin: I've got all the Activision patches for reaching certain game scores and have certificates and letters from them. We belong to the G.A.M.E.S. store game club. (Buy 10 games, get one free per card) We're on our third card in the Atari club. I think the second card for the Mattel club. I got 800,000 in Astro Smash and it took me two and a half hours.

Merch: Kevin, what do you want to be when you grow up?

Kevin: I don't know. A lawyer or something. Something that makes a lot of money.

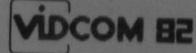
Dad: To support your game habit.

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Are you a videogame expert? Take Merchandising's quiz

By William Silverman, sr. assoc. ed.
NEW YORK—Ready or not, here it is—the official *Merchandising* video-game quiz.

While many questions might seem obscure, the test is far from trivial. Repulsive aliens from space are nothing to sneeze at.

On a more serious note, the upcoming season and beyond could prove to be a sales bonanza beyond retailers' wildest hopes. One factor in the success of some will be a reputation as a game expert.

For many, though, the big question will be how to maximize profits, along with volume, in the face of shrinking margins. The reputation as an expert can only help.

Participants who score among the top half of all entries will receive a "videogame expert" certificate, suitable for framing. The answers to the test questions will appear in the October issue of *Merchandising*. So take your best shot, and mail your answers to: William Silverman, *Merchandising*, 1515 Broadway, New York, NY 10036.

MULTIPLE CHOICE

1. The winged, bat-like creatures in Demon Attack, from Imagine, come from:

- a) Crisees;
- b) Krybor;
- c) Krypton;
- d) Kankakee.

2. Each player begins Odyssey's Great Wall Street Fortune Hunt with:

- a) \$5,000;
- b) \$10,000;
- c) \$15,000;
- d) \$20,000.

3. The first name that was given to the company founded by Nolan Bushnell was:

- a) Syzygy;
- b) Go;
- c) Atari;
- d) Warner Communications.

4. The hit song "Pac-Man Fever" features the singing of:

- a) Buckner & Garcia;
- b) Cheech & Chong;
- c) Berger & Bear;
- d) Boothby & Caplan.

5. Players of Space Battle, from Intellivision, begin with:

- a) three squadrons of four ships;
- b) three squadrons of three ships;
- c) five squadrons of five ships;
- d) four squadrons of four ships.

6. How many rows of aliens attack in Galactic Invasion, from Astrocade?

- a) four;
- b) five;
- c) three;
- d) six.

7. In Stampede, from Activision, the game ends when:

- a) three cows have gotten behind the cowboy;
- b) three cows have gotten behind the cowboy, unless the user has earned bonus cows;
- c) the cowboy falls off his horse;
- d) the herd gallops off the screen.

8. Players of Missile Command, from Atari, defend:

- a) six cities, with 25 ABMs;
- b) five cities, with 30 ABMs;
- c) four cities, with 20 ABMs;
- d) six cities, with 30 ABMs.

9. Pick-Ax Pete, from Odyssey, can be found in:

- a) the Rock Hill Mine;
- b) the Rocky River canyon;
- c) the Rocky Road canyon;
- d) the Misty Mountain mine.

10. In Games by Apollo's Space Chase, an earth ship is attacked by enemy raiders armed with:

- a) neutron missiles;
- b) heat-seeking projectiles;
- c) neutron missiles and heat-seeking projectiles;
- d) smart bombs.

11. Name the Activision designer of Starmaster:

- a) Larry Kaplan;
- b) David Crane;
- c) Bob White;
- d) Alan Miller.

12. The movie Tron finds Flynn (Jeff Bridges) seeking evidence against:

- a) Tron;
- b) Encom;
- c) MCP;
- d) EBW Industries.

13. Name the gangster who drops bombs in Spectravision's Gangster Alley:

- a) Nitro Ed;
- b) Nitro Bob;
- c) Lefty;
- d) Bob the Bomber.

14. Aliens are trying to kidnap defenseless humanoids from the city. The name of this Atari game is:

- a) Berzerk;
- b) Earth World;
- c) Defender;
- d) Alien Attack.

15. In which Tigervision game does the player pilot a leaky boat up the river?

- a) River Patrol;
- b) River Pilot;
- c) River Rapids;
- d) Great Escape.

16. The most popular arcade game of all time is:

- a) Pac-Man;
- b) Space Invaders;
- c) Donkey Kong;
- d) Asteroids.

17. In which Imagine game does the player try to repopulate Atlantis?

- a) Sea Battle;
- b) Armies of Atlantis;
- c) Cosmic Ark;
- d) Escape to Atlantis.

18. Coleco has made Donkey Kong available for:

- a) ColecoVision;
- b) ColecoVision and the Atari VCS;
- c) Intellivision and the Atari VCS;
- d) ColecoVision, Intellivision

19. How many purple pickles cause a burp in Telesys' Fast Foods game?

- a) five;
- b) six;
- c) seven;
- d) 10.

20. Which statement is true?

- a) a wave is an assault force that has a distinct beginning and end;
- b) a round may feature several waves;
- c) both of the above;
- d) none of the above.

21. Upon reaching the thirteenth wave of Atari's Missile Command, a player lets all his cities get blown up, and moves the joystick to the far right. Which designer's initials appear on the far left of the screen?

- a) R.F.;
- b) B.G.;
- c) W.A.;
- d) S.K.

22. In Data Age's Airlock, how much time does the player have to get from one level of the submarine to another...before he drowns?

- a) 10 increments per level;
- b) five increments per level;
- c) 12 increments per level;
- d) four increments per level.

23. Before he is home at last, what final danger must Parker Brothers' Frogger watch out for?

- a) diving turtles;
- b) speeding cars;
- c) frog-eating snakes;
- d) alligators.

24. How many food items whiz by the mouth in Telesys' Fast Foods before the words "You're getting fatter" appear on the screen?

- a) 20;
- b) 40;
- c) 45;
- d) 50.

Name _____

Company _____

25. The names of the arcade Pac-Man monsters are Shadow, Speedy, Bashful and:

- a) Clyde;
- b) Inky;
- c) Pokey;
- d) Mookie.

26. In the Incredible Wizard from Astrocade, when a player reaches the tenth level of the dungeon:

- a) all the walls disappear;
- b) the Wizard rushes out;
- c) the dungeon vanishes;
- d) the player becomes a "Wizard."

27. Players of Cosmic Swarm from CommaVid should destroy the space termites by:

- a) blasting away with a laser cannon;
- b) energizing nest blocks and then destroying them;
- c) docking with the refueling craft;
- d) all of the above.

28. Included with the Astrocade console is (are):

- a) Checkmate;
- b) Gunfight;
- c) Scribbling;
- d) all of the above.

29. There's a cactus obstruction in the center of the course, and bullets are unable to pass through it. The game is:

- a) Outlaw, from Atari;
- b) Showdown in 2100 A.D., from Odyaney;
- c) Gunfighter, from Astrocade;
- d) none of the above.

TRUE OR FALSE

30. The roster of games and variations offered on a program is the menu.

31. In Space Invaders, by Atari, the guns always start to the outside of the left and right shields. The aliens, however, always begin their march on the left side of the course.

32. Arcade Pac-Man monsters speed up as they round corners.

33. This fall, the ColecoVision expansion module #1 will accept Atari VCS cartridges.

35. The top row of the wall in Atari's Canyon Bomber is 36 bricks wide.

35. Random Access Memory (RAM) is equivalent to serial access.

36. Chip is the nickname for an integrated circuit.

37. Yar's Revenge, from Atari, takes place in the solar system Razak.

38. The Intellivision hand controller keypad has 10 buttons.

39. The flat platform that moves horizontally along the base of the course in Breakout-type games is known as a paddle.

40. Following exposure to Kryptonite, Atari's Superman can have his powers restored only by a kiss from Lois Lane.

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Mail replies to: William Silverman, *Merchandising*, 1515 Broadway, New York, NY 10036.



Software shake-out, better games, cheaper computers predicted

By Anne Krueger, section editor

NEW YORK—Even more software coming on the market, advanced voice synthesis, more Arcadia Supercharger-type products and the eventual merging of home games into home computers are a few manufacturer predictions for the videogame future.

Some predict a shake-out in 1983 among software and hardware suppliers as the market becomes overloaded and game demand slows; others think there's almost endless room for all market contenders and believe the VCS software market alone could last another 10 years. Specific manufacturer predictions are below.

VIDEOGAME FUTURE

William F.X. Grubb, Imagic president—"We look upon the videogame industry as being in a strong growth position. By the end of 1982, only 15 to 16 percent of homes will have pure videogames. I think there's a 30 to 40 percent level of market potential: Atari, Mattel, Odyssey—they have a long way to go in selling hardware."

Pat Roper, Games by Apollo president—"Potential of the videogame market is in multi-billions. We haven't reached anywhere near the potential right now. We have a nine percent penetration into the American market with hardware. With that we're doing \$1.5 billion in software alone. Worldwide is supposed to be at least 1.5 times that domestic market. Ultimately, penetration will approach 100 percent. Like the television set, I think the phenomenon will be worldwide. There is not a saturation point—there is a leveling off point but that won't be for some time."

Ed Salvo, director of programming at Games by Apollo—"On the VCS, the sound is severely limited. One of the problems we've had here was obtaining the sounds we wanted. We can spend months trying to come up with a particular sound. It's a hit or miss type of thing. But as new machines come out you'll hear better sound... voice will be important. They're now using voice in arcades to goad players; it'll be fun to put realistic sounds into a home game."

"You're going to see arcade quality at home and the blockiness will go away. Electronic devices are becoming cheaper so more can be put into the machine so it will sell at a decent price."

Pat Roper, Games by Apollo president—"There's going to be a shake-out. I don't know where it will come from. I am certainly not going to be the man to say Atari is going to have problems, because Atari is very good at what it does. It is going to be extremely tough to dislodge Atari. But then again, there is room for more than one hardware manufacturer in this business. A few are going to make it. Mattel has a good piece of the market, but Mattel is going to have to start doing things right because now they're competing with the Commodores, the Colecos and other hardware manufacturers. I am not going to make a prediction of who will survive, but I will say the TI99 is going to be one heck of a machine."

"Voice synthesis appears to be the wave of the future. I think there will be continual improvement in joy

sticks, wireless controls and eventually voice synthesis will be contained right in the cartridge."

SOFWARE

Alan Bayley, Arcadia president—"I think there's loads and loads of room for additional creativity for game design. They've pushed the technological capability of the ROM cartridge about as far as they can push it. But there still is room on the creativity side for creating better games using the ROM."

Dennis Koble, Imagic vice president of software—"We'll see more color, more graphics, more sound! That's the Imagic battle cry."

Robert Faught, vice president of sales for Activision—"There could be a big software shake-out within the industry within the next 9 to 12 months."

Richard Hoag, vice president of sales, Mattel—"They'll be the same number of software companies in the business a year from now, but except for a few majors, they'll all be different companies."

James Connolly, president, Automated Simulations—"The deluge of software is positive. In some sense, the more software available, the greater the number of videogames/computers sold."

Ron Stringari, Atari's vice president of consumer electronics—"Software deluge has established Atari as the standard. I would like to think there is good solid competition with good solid products. Bad products hurt the dealer."

COMPUTERS

Saul Knazick, executive vice president of Emerson Radio Corp.—"Home computers are the eventual goal for a large segment of the population. There also is a large segment who will never be interested in computers—some who are middle-America, some with limited education who will want the limitations of the game."

"On the other side of the coin, once the \$100 computer, which will be the advent in years to come, also has some more game-playing capability, it will be a natural direction for the industry to go. The home computer is certainly a friend to those in the game business."

James Fiedler, president of MCA Video Games—"Everyone is going toward home computers. Stand-alone games won't be around for long."

Hope Neiman, marketing manager for General Consumer Electronics—"We see very few applications of home computers. Majority of people are buying computers for entertainment but they might find computing and good graphics don't mix."

"We have a very powerful home computer in Vectrex (GCE's stand-alone home videogame). If we wanted to we could have made a computer, but we didn't want to. We want to compete in the *videogame* market."

Gerald A. Michaelson, vice president of sales and marketing—"The next generations will continue to do things that will boggle our minds...in speech and in the level of graphics. We'll see more interactivity with the keyboard and with all kinds of home devices. *Odyssey³* is coming!"

VIDEOGAME EXECS (from top to bottom): Activision vp of sales Robert Faught, GCE marketing manager Hope Neiman, Data Age vp of marketing Robert Rice, Telesys president Rich Taylor and Activision president James Levy.



VIDEOGAME EXECS (from top to bottom): Mattel vice president of sales Richard Hoag, U.S. Games director of communications Ron Evans, Imagic president Bill Grubb, Atari's vp of the consumer electronics Ron Stringari and James Connolly, president of Automated Simulations.



Richard Hoag, Mattel vice president of sales—“By 1990, 50 percent of the homes in the U.S. will have at least one computer, possibly two or three. These will not only interface to the phone lines but will be used for family entertainment and education.”

Jack Woodman, vice president of marketing for Telesys—“At some time, the customer will turn to computers. But it took the customer a long time to switch from eight-track to cassette, even when the cassette was the obviously superior product. The videogame market has another 10 years in it.”

Rich Taylor, president, Telesys—“I definitely think there's a trend toward a Vic 20 sort of computer unit. Originally when the microcomputer came on the market, it was a big jump and the consumer couldn't accept it, business could. With the VCS, we're slowly introducing the computer into the home and now I think consumers have caught up in sophistication with the business world and with what's on the market.”

William F.X. Grubb, Imagic president—“Emergence of home computers will happen very rapidly in the next three years. Although it's a distinct market by itself, it will cannibalize the pure videogame sales. We look upon pricing of the new home computer emerging as in the \$250 to \$400 retail range. The most important software element will be the home entertainment software, which is what we call game software now.”

“As the number of base units expand to other home computer companies, we'll be looking to do software for Commodore, Texas Instruments and maybe Coleco—we see those in the immediate future.”

Al Kahn, vice president of marketing at Coleco—“If you think you can buy a computer that's as good as a game—that's a fallacy. People will buy a computer to play games and then realize they have to go out and buy the controls and will be disappointed with the game play. Coleco sees two segments to the computer market.

“There's the traditional game-player who's the target user of arcade games who also wants more and better ways to emulate the game at home. Then there's the computer segment who's target, and target age (married male over 25), is much higher than what we envision our target for the arcade player. So there are two markets—the traditional game player who will trade up, and the computer segment who'll trade down. The game system actually is a computer; there seems to be more confusion about that. Our ColecoVision is an arcade-quality game that, with its expansion capability, can change into a state-of-the-art computer.”

VIDEOGAME EXECS (from left to right): GCE president Ed Krakauer, Games by Apollo president Pat Roper, Emerson exec up of software Dennis Koble.

People love to play games with Bush.



The Bush TV Game Cart — a really neat idea.

Our Game Cart is a quick and easy sale to anyone who owns an Atari or Intellivision video game. It turns a maze of cords, controls and cartridges into a compact, convenient game center.

A TV Game Cart that helps you make all the profit you can from the video game craze—one of the many good ideas dealers have come to expect from Bush. If the Bush line is not already on your floor, this is the perfect time for you to get to know us. Ask your Bush representative for more details.

Bush

Another Good Idea

Bush Industries, Inc. 312 Fair Oak Street Little Valley, New York 14755 716-938-9101

4TH QUARTER SOFTWARE MINI- DIRECTORY

		ATARI VCS	ATARI 5200	COLECOVISION	EMERSON	INTELLIVISION	ODYSSEY ²	APPLE II	ASTROCADE	ATARI 400	ATARI 800	COMMODORE VIC 20	NEC HOME ELECTRONICS	RADIO SHACK TRS 80	TEXAS INSTRUMENTS TI-99/4A
APEX (ARCADE PLUS) 3916 State Street Suite 1C Santa Barbara, CA 93105	ACTIVISION Drawer No. 7286 Mountain View, CA 94042 (415) 960-0410	✓				✓									
ARCADIA 324 Martin Avenue Santa Clara, CA 95050 (408) 748-8551	APPLE Cupertino, CA (408) 996-1010		✓*				✓			✓	✓				
ATARI, INC. 1265 Borregas Avenue PO Box 427 Sunnyvale, CA 94086 (408) 745-2200	ASTROCADE, INC. 6460 Busch Blvd. Suite 215 Columbus, OH 43229 (614) 885-0130	✓	✓	✓*					✓		✓				
COLECO INDUSTRIES INC. 200 Fifth Avenue Room 1234 New York, NY 10010 (212) 242-6605	CBS VIDEO GAMES 51 West 52 Street New York, NY 10019 (212) 975-4321	✓	✓	✓	✓	✓									
COMPUTER MAGIC LTD. 40 Wakefield Ave. Port Washington, NY 11050 (516) 883-0094	COMMODORE 487 Devon Park Rd. Wayne, PA 19087 (215) 687-9765	✓	✓									✓			
EMERSON RADIO CORP. One Emerson Lane Secaucus, NJ 07094 (201) 865-4343	DATA AGE 62 South Tomas Aquino Rd. Campbell, CA 95008 (408) 867-2960	✓					✓								
FOX HOME VIDEO 1754 Technology Drive Suite 226 San Jose, CA 95110 (408) 298-5014	Epyx (AUTOMATED SIMULATIONS) 1043 Kiel Court Sunnyvale, CA 94086 (408) 745-0700		✓					✓		✓	✓		✓		
IMAGIC 981 University Avenue Los Gatos, CA 95030 (408) 399-2200	GAMES BY APOLLO, INC. 1300 E. Arapaho Rd. Richardson, TX 75081 (214) 690-8366	✓	✓												
NEC HOME ELECTRONICS 1401 W. Estes Ave., Elk Grove Village, IL 60007 (312) 228-5900	MATTEL ELECTRONICS 5150 Rosecrans Ave. Hawthorne, CA 90250 (213) 644-0411	✓				✓	✓			✓	✓				
PARKER BROTHERS 50 Dunham Road Beverly, MA 01915 (617) 927-7600	ODYSSEY ² N.A.P. CONSUMER ELECTRONICS 1-40 Straw Plains Pike Knoxville, TN 37914 (615) 521-4316		✓					✓					✓		
TELESYS 43334 Bryant Street Fremont, CA 94539 (415) 651-2970	TANDY RADIO SHACK Fort Worth, TX 76102												✓		
THORN EMI VIDEO 800 Third Ave. 36th floor New York, NY 10022 (212) 355-1112	TEXAS INSTRUMENTS INC. P.O. Box 225012, M-S84 Dallas, TX 76265 (214) 995-3741													✓	
SPECTRAVISION 39 W. 37th St. New York, NY 10018 (212) 869-7911	TIGER ELECTRONICS 909 Orchard Mundelein, IL 60060 (312) 949-8100	✓													
	U.S. GAMES CORP. 1515 Wyatt Drive Santa Clara, CA 95051 (408) 748-9800	✓													

*with Supercharger
**with Coleco
adaptor

This mini-directory shows software we've been told will be available during the fourth quarter. We attempt to offer a complete listing.

GAME HARDWARE

COMPUTER HARDWARE
W/GAME CAPABILITY

This is no time to have
**GAPING
HOLES**
in your video game stock.

Look, there on your shelves, do you see all ten of these frankly amazing Activision® games? Games that, we might add, made video game history. If you don't see each and every one of these games, you're looking at a "gaping hole," and there'll never be a better time to fill it. Because these are the games that game lovers are going to be asking for.

Clamoring for. Maybe even pleading for. And a "gaping hole" isn't exactly the right answer to have.

The right answers are the ten games Activision® will be featuring in new national advertising beginning September 2nd. We're out to make an impression on your customers and you know that when Activision® sets out to make an impression, that's exactly what we do. This time it will be over 200,000,000 gross consumer impressions.

If that sounds convincing to you just wait 'till you see the effect it has on your front door. Call your Activision® Sales Representative and fill those "gaping holes" with ten of the Activision® games that made video game history, because you know what they say: History repeats itself.

For use with the Atari® Video Computer System™

©1982 Activision Inc.



—ACTIVISION®
WE PUT YOU IN THE GAME.

Atari® and Video Computer System™ are trademarks of Atari, Inc.

Also for use with the Sears Tele-Games™. Video Arcade™ Tele-Games™ and Video Arcade™ are trademarks of Sears, Roebuck & Co.

MERCHANDISING VIDEOGAMES

Contests, posters, displays kick off Christmas push

(Continued from page 1)

president of marketing, James Goldberger. "The customer pushes a button, picks the game and can interface with it."

Also new from Imagic, and available in late September, is a "counter spinner" which houses 72 cartridges, and a transparency light box. "This light box is something I consider very neat," Goldberger told *Merchandising*. "We've taken the special effects we've spent a ton of money on for our box packages and posters and will make them into one-ft. by one-ft. transparencies which fit the light box." Imagic also has available: posters, shelf talkers, counter cards, consumer brochures and mobiles and is spending \$10 million in measured media during the fourth quarter of 1982 and the first quarter of '83, Goldberger said.

"We'll be on prime TV networks, Saturday morning kids' shows, cable TV and Monday night football and will have a heavy print schedule," he said.

Merchandising aids such as counter cards and other p-o-p materials will be available from Arcadia, Santa Clara, CA, during the fourth quarter. According to Alan Bayley, president, the company kicked off its TV advertising the first week in August and it will run through late December in nine major U.S. markets. Arcadia also has sunk substantial amounts of money into its packaging which is being done by Alton Kelly, the artist known for creating the Journey record covers.

"We've had an artist prepare art for the game packages which gives the emotional feel of the games and then we show the actual reproduction

of the game screen on the back of the package," Bayley said. He criticized other game packages for their fanciful pictures and said Arcadia packages will create a lot of attention at retail.

U.S. Games' (Vidtec), Santa Clara, CA, first flight with TV advertising took off late August and is planned to kick off the fall early and with strength, marketing communications manager Ron Evans said. The commercials will appear in the top 25 markets, he said, and will be buttressed with dealer-oriented newspaper advertising in those same markets. TV advertising features the company's Space Jockey game. Newspaper ads push Space Jockey, Word Zapper and Sneak'n Peak.

Atari strikes back

Expecting strong competition from home videogame manufacturers in the second half of 1982, Atari, Inc., Sunnyvale, CA, plans to outspend its competition two to one, according to Ron Stringari, vice president, consumer electronics division.

Atari will run its "Have you played Atari today?" commercials on national network TV 23 of the final 26 weeks of the year. The company will sponsor Saturday morning kids' shows such as Bugs Bunny, Smurfs, Tom and Jerry, Tarzan, Blackstar and Trockins.

Atari plans to purchase three four-week commercial flights on national network radio this year for the first time. The flights include 60 announcements per week of new game cartridge introductions.

Atari ads also will appear in the following magazines: Life, News-

week, Playboy, Sports Illustrated, Time, Electronic Games and Video Games. Better Homes and Gardens, Good Housekeeping, Life, Sports Illustrated, and Time will feature informational ads for readers not knowledgeable about home video-games.

To highlight the release of the company's new sports games, full-page ads will appear in Inside Sports, Electronic Games, Newsweek, Playboy, Sports Illustrated, TV Guide and the stadium magazines of 26 National Football League teams.

Local Atari dealers will be able to tap directly into Atari's national TV program through co-op advertising funds. For every national TV ad produced, there will be a condensed version (25 seconds) produced for a dealer's local TV.

Commercials feature special effects

A multi-media campaign is planned during the fourth quarter to introduce ColecoVision, according to Coleco's vice president of marketing, Al Kahn, Hartford, CT. Five spot and network commercials are planned in 30 top markets. Kahn called them "fascinating state-of-the-art commercials done by the best special effects people in Hollywood."

Coleco also will run radio commercials and newspaper advertising; some of it institutional, Kahn said. Ads in family- and male-skewed publications will aim at neutralizing parents' concerns about videogames, he said.

In-store Coleco p-o-p includes an arcade-size unit which holds the ColecoVision system and games.

Other fourth quarter plans:

□ Games by Apollo, Richardson, TX, plans to spend \$4 to \$6 million in TV and magazine advertising during the pre-Christmas period. President Pat Roper also told *Merchandising* the company is planning interesting retailer p-o-p materials.

□ Thorn EMI, New York, manufacturers of game software for home computers, has print ads and TV planned for November and December of this year, according to Nicholas Santrizos, Home Video president. "We also plan to provide a great deal of p-o-p promotion pieces that will help quench the customer thirst for

information," he said. The company will have catalog reprints available, too.

□ \$8 million will be spent on advertising this year by Astrocade, Inc., Columbus, OH. Ray George, president of the marketing group, said.

□ Emerson Radio Corp., Secaucus, NJ, is providing comparison charts and posters at retail to push its new hardware and software.

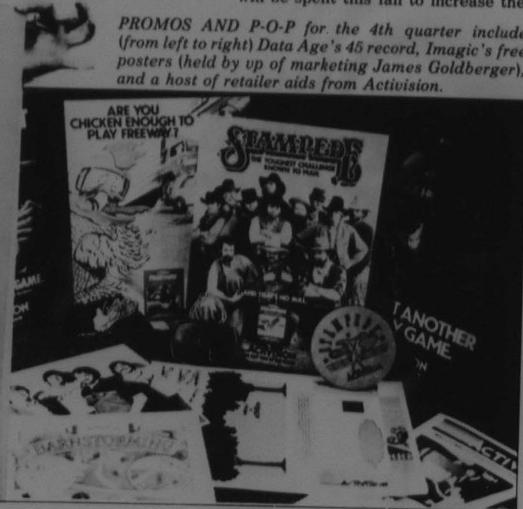
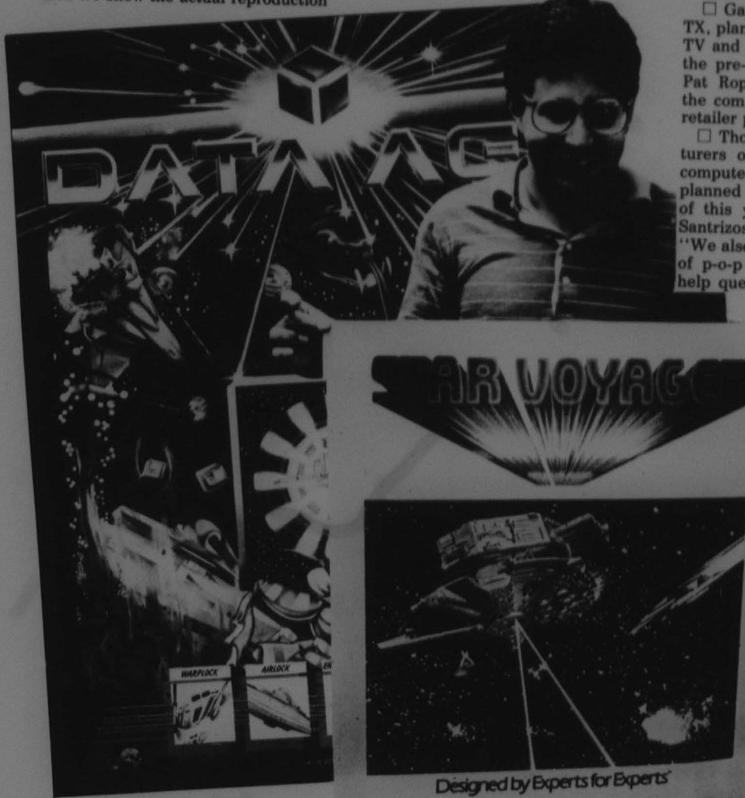
□ "The Keyboard is the Key to Greater Excitement" is the TV ad campaign from Odyssey, Knoxville, TN, that customers will view during the third and fourth quarters. The "Wizard of Odyssey" will star in Odyssey commercials and he is a personality who will be tied in with the game, print ads and p-o-p, reported David Arganbright, vice president and general manager.

□ Automated Simulations, Sunnyvale, CA, marketer of computer software under the Epyx name, is expanding its consumer advertising into less specialized magazines, according to president James Connelly. "We're running ads in Omni and Games magazine this fall and as we figure out what the new game buyers are reading, we'll expand into other media," Connelly said.

□ Spectravision, New York, is "going slowly" in its advertising until its distribution network is set up, according to director of customer relations Josh Kalter. Until then, Spectravision will advertise at major shows and is working on posters and other p-o-p materials. When put into effect, Spectravision's fourth quarter TV advertising will cover 10 major markets in 12 weeks and will cost almost \$2 million, Kalter said. Four-color ads will appear in Electronic Games from September through January and the entire fourth quarter push should involve \$5 million, Kalter said.

□ A "record industry" approach will be taken by Telesys, Freemont, CA, when it gets its advertising program together, reported Jack Woodman, vice president of marketing. "We'll want to show we're wholesome and a little bit outlandish," he said. Ads probably will use Telesys' tagline: fun and games.

□ "Massive amounts of money" will be spent this fall to increase the



exposure of Intellivision, according to Mattel's vice president of sales Richard Hoag. George Plimpton will continue to be Intellivision's spokesman as Mattel plans its 98 percent reach, Hoag said.

□ Two million in advertising is planned for seven markets by General Consumer Electronics, Santa Monica, CA. Hope Neiman, marketing manager, told *Merchandising* the Vectrex stand-alone game can act as its own merchandising aid because it doesn't need to be hooked up to a TV and can be activated by the customer. A GCE display for p-o-p purposes will have a silver base with a lock for storage. Other promotional p-o-p displays and aids are in the works.

□ Parker Brothers, Beverly, MA, has doubled its media budget since its new cartridge *The Empire Strikes Back* received such tremendous response, reported marketing manager Dan Oakland.

"Our original media budget was \$1.5 million per cartridge (the company also is shipping a Frogger game

this year), but we're now going to spend \$7 million on the two titles."

Forty percent of Parker Bros.' media budget will be spent in the fourth quarter, Oakland said. They've planned prime time network TV, spot TV in the top 50 markets, and radio in the top 10 markets just for Frogger. Advertising also will appear in publications targeted to kids, he said. This is the biggest individual advertising budget ever for Parker Brothers.

Play mode is an aid

As a further built-in aid, some videogame companies games feature a play mode similar to arcade games attract mode. Manufacturers offering the play mode say this will automatically lure customers to play without the need for a salesperson. Among those manufacturers offering a play mode on their games are Telesys, Arcadia and Spectravision.



POSTERS FROM SPECTRAVISION will hype the company's 4th quarter game introductions.

Contests hyped

(Continued from page 52) winning cards customers receive rebates on Atari products.

Promotion grand prizes are 50 deluxe Atari centers that include the 5200, 500 computer and peripherals and the Centipede coin-op game.

Especially designed for stocking stuffer time is Atari's \$25 coupon book free with a VCS purchase from Nov. 15 through Dec. 24. The coupons are redeemable for carts or accessories until May 31, 1983.

□ \$50 rebate on Mattel Intellivision is a retailer program designed to stimulate consumer sales according to vice president of sales Richard Hoag. The rebate offer ends Sept. 15 after a one-month run.

The alumni association: who's who in videogames

SILICON VALLEY, CA — The videogame alumni association had its first rumblings when four renegade Atari designers deserted to form Activision. Larry Kaplan (who's since left Activision to start his own videogame venture), Dave Crane, Alan Miller and Bob Whitehead joined ex-GRT (a tape duplicating company that expired) exec Jim Levy in 1979. Activision grew so fast it's moved from its Santa Clara location to Mountain View.

A few other alumni members:

Imagic was formed by Bill Grubb, president; ex-president of Atari's consumer entertainment division. Imagic co-founders also include Dennis Koble, vice president of software at Imagic; ex-software manager at Atari. James Goldberger, Imagic's vp of marketing and co-founder came to the company from his position as Mattel's marketing manager. Also from Mattel, as senior project engineer, and now a co-founder of Imagic, is Brian Dougherty. Imagic recently moved from Saratoga to Los Gatos.

If you forget and go to see Imagic in Saratoga, you'll find Data Age now partially located in Imagic's old offices. But Data Age soon will move to Campbell. Bob Rice, the company's vice president of marketing also is an ex-GRT employee. Before Data Age, he most recently spent seven months working for Activision.

Rice and Levy's boss at GRT was Alan Bayley, who now is president of Arcadia, Santa Clara. Also working for Bayley at GRT were Rich Taylor and Jack Woodman. They're now president and vice president of marketing at Telesys. They're located in Fremont.

Frank O'Connell recently left his position as senior vice president/marketing and sales at Mattel to become president of Fox Home Video Games, Inc., also in Saratoga.

Michael Katz, an ex-Mattel man, now is Coleco's vp of marketing. Another Atari ex, Robert Faught, is vp of sales at Activision. And the beat goes on...



THE WIZARD AND THE KEYBOARD WILL WORK WIZARDRY IN THE MARKETPLACE.

The Wizard of *Odyssey*² is *Odyssey*²'s new spokesman. He's the video game authority—fun to watch, persuasive, easy to listen to—and virtually guaranteed to cut through the competitive video game clutter. You'll be seeing him everywhere—on TV, in magazines, at the point of sale and in special promotions across the country.

Each ad and commercial in which the Wizard appears will end with *Odyssey*²'s theme line, which sums up our competitive advantage—**THE KEYBOARD IS THE KEY TO GREATER CHALLENGE.**

The Wizard will introduce America to *The Voice*, So watch for the Wizard. You'll be delighted at the effect his keyboard has on your cash register.

*Odyssey*²'s innovative new module. It's the only voice module that actually repeats any word the player types into the keyboard. And though it has its own special series of cartridges, the system can still play all regular *Odyssey*² games.

The Wizard will also tell families about the super-challenging *Master Strategy Series*, available only from *Odyssey*² with its intriguing strategy game boards.



ODYSSEY²

The keyboard is the key to greater challenge.

Gimbels' videogame volume takes off after new 'excitement center' is installed

(Continued from page 45)

meetings and plans climaxed in the five-week construction and then dedication of Gimbels New Arcade.

"We agonized over whether or not to call it an 'arcade' because of the many negative connotations the word has," said Sveda. Store management eventually decided calling the display 'Gimbels New Arcade' would take most of the stigma out of it.

The "excitement center," as Sveda likes to call the arcade, opened in March. As of April, Gimbels had done more video game volume in the first four months of '82 than in all of '81, although Sveda declined to give exact figures. "The whole category is

mushrooming," he said. "And we want to be right there with what is probably the most exciting display a department store could have."

Planning done prior to the arcade's opening is given much credit for its success by Sveda. Store managers sat down with representatives from their major suppliers, for example, and asked for and received commitments for product they need when they need it.

"In the past we'd had problems getting Mattel hardware and software," said Sveda. "So we went to them particularly and said, 'Look, we're going to need your help if this thing (the arcade) is going to work.' Since then, we've had no troubles."

Sveda said the store will have Coleco's new ColecoVision as soon as it is shipped. Gimbels buys through a distributor and because of the store's preeminence as a videogame seller, it has little trouble getting the product it wants before the competition. The store, for example, had Pac-Man on its shelves three weeks before anyone else in the Pittsburgh area.

"We committed to 8,000 cartridges before the game was even out," explained Sveda, adding that the store eventually cancelled 3,000 of these. "But we only agreed to such a large order after getting a guarantee we'd have them first."

Since Pac-Man first started chomping power pills for Gimbels, it has been the store's all-time most profitable cartridge. When only Gimbels was able to satiate Pittsburgh's Pac-Man fever, the store sold the cartridges for \$37.95—a 40 percent markup. The prices have since

dropped as demand has slowed—to \$34, to \$29 and then to a sale price of \$24.85. And although Pac-Man has relinquished to Defender its crown as Gimbels' best seller, it still has sold three times more cartridges overall than any other game the store has ever carried.

Gimbels will carry 188 titles into the fourth quarter, including 54 from Atari, 40 each from Odyssey and Activision, 36 from Mattel and 18 from Imagic. Only three hardware skus are carried; Odyssey, Atari and Intellivision. Sveda said, however, when ColecoVision makes it to the store's shelves, he expects it to take a large bite out of Odyssey's sales.

Gimbels New Arcade was designed by the store's in-house planning department and the first priority was versatility. Game hardware units can be easily replaced to accommodate new units if there are mechanical difficulties. Sveda said at first there was discussion of buying industrial-type joysticks considering the extensive use those in the arcade were expected to receive. This idea was eventually rejected so customers experience the games as realistically as possible before buying.

An interesting idea developed for the arcade is the token-operated monitors to the side of the main display. Controlled by timers, these will act as a control when the store gets too crowded. Tokens will be given to potential customers by salespeople if all the "free" games are being used.

"We had no idea how much use the games will receive so we installed these coin-operated monitors to protect ourselves," said Sveda. "We can't sell the coins, because that would be getting into a lot of legal requirements, including paying an



188 GAME TITLES will soon be carried by Gimbels New Arcade in Pittsburgh. The arcade is given credit for upping the store's 6 to 1 cartridge to hardware ratio to 12 to 1 this year.

amusement tax. But they'll only be given to customers our salespeople feel are serious about buying."

The New Arcade is approximately 4,000 sq. ft. in size and located only in the Gimbels downtown Pittsburgh store. Plans call for modified versions of the arcade using manufacturer-supplied fixtures to be put into the store's six other locations in the area.

The arcade also is given credit for upping last year's 6 to 1 cartridge-to-hardware ratio to 12 to 1 this year.

To prove the importance Gimbels is placing on videogames, Sveda noted this is the first hardlines category to be placed on the store's computerized sku system. Regular computer printouts generated from check-in input will show which cartridges are selling well and which are slowing down. "This will be tremendously helpful to us in spotting trends and making quick buying decisions," Sveda said.

'Walking computer' Spock is designer Kaplan's hero

(Continued from page 45)

bottom is the opposite. Some people like really difficult games.

Q. What do you think of the trend toward putting more personality into home videogames? Or voice?

A. The Japanese, interestingly enough; they're the ones that gave games personality with Pac-Man, etc. I'm an engineer and am straight down the road; aesthetics don't enter into it for me—it's all game play.

I don't like the talking-back stuff in the games (the "ha-ha-ha, you goofed"). I think there should never be a negative response, or if there is it should be straightforward "error at line 37" sort of thing. I don't even like all the lirrrups, blirrrps (noises) in games.

As far as voice, why would I spend over \$50 to have this talk to me? But voice will be interesting in future computer setups.

Q. What do you think of Arcadia's Supercharger?

A. It's an innovation, but in a way it's a dangerous product. It allows copying and with two audio recorders you could pirate games. Apple, you know, already has a 50 to 60 percent loss to software game piracy, they say.

Q. You're a relative oldtimer in this business. How did you first get into game designing?

A. Historically, game designers are programmers. Almost all of us (at Activision) went to school and got degrees in computer science, math or engineering. Programming is just

giving a thing a set of instructions. The Activision people had programming jobs before Atari and we all had a bent toward the visual side. I worked on the electrical regeneration of the Missouri river before Atari. I was attracted to game designing because computer people, for leisure, always create games. Computer programmers are loners usually and the computer is a mother figure. It never criticizes, just tells you what you did wrong—and you know it never cheats.

Spock is our hero because he's a walking computer. He's completely logical. Computers are great, too, because they give automatic feedback and programmers are really problem solvers.

Q. There's a stereotype about designers...

A. That they're weird.

Q. Like nerdy?

A. Yeah, nerdy weird. In high school I never dated. My group played bridge instead. We were going to be scientists or doctors.

If you sit at the back door of a videogame company and watch the people come in, it's the programmers who're the stragglers coming in at noon. Other people work nine to five; we work 10 to five or 10 to three. In a social context, we'll only talk about computers.

And there is ego involved—we can control the computer that seems like a myth to so many other people. They don't know how it works and think it's magic. We got the joke, so we don't have to laugh.

Q. Some companies play up their designers, others don't. What do you think of the "rock star" image being given some programmers?

A. At Activision, Jim Levy is making his analogy to the record industry. He's pushing the superstar approach and the media loves it. In a way, it might be because the four designers formed the company and then demanded ego satisfaction. But actually, designers want to design games, they don't want to be in the public eye. Retailers and customers would love to have us come to the store and sign autographs, but like the rock star, you can't tell designers what to do.

It's like a bell-shaped curve. There are superstars like Fleetwood Mac and Paul McCartney and then there are the unseen musicians. Same with game designers. At Imagic, the game author has a tiny byline on the package. (At Activision, designers' photos and comments appear on the package.) At Activision, Levy is really pushing the superstar image—we had limos at the CES.

Q. Do you have any advice for today's videogame retailer?

A. Unless the retailer can carry every title, he really needs a jobber to make decisions for him. I think it's the record stores that really should become videogame stores. They're used to tons of inventory. Record stores have radio stations who play the records. Videogames will have cable TV where the viewer will watch and pick the game out.

THE GAMES PEOPLE PLAY

VIDEO GAME



ARE LOOKING FOR RECOTON VIDEO GAME ACCESSORIES

If you're looking for high profits and fast turnover sell the new Recoton "BEST SELLER" VIDEO GAME ACCESSORY PROGRAM featuring the latest and most popular products for Atari® and Intellivision™.

We offer the finest UL approved power adapters, a full line of TV game switches and deluxe heavy duty wood grain vinyl dust covers in a mini display program with an attention getting Video Game Header.

Ask your local Recoton "BEST SELLERS" distributor for details on this outstanding new profit program or write:

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46-23 Crane St., L.I.C., N.Y. 11101

1-800-223-6009

*Atari is a registered trademark of Atari, Inc.

Intellivision is a trademark of Mattel, Inc.

RECOTON

66

We Have Something Every Video Game Player Will Want. And We're Going To Give It To You. Free.

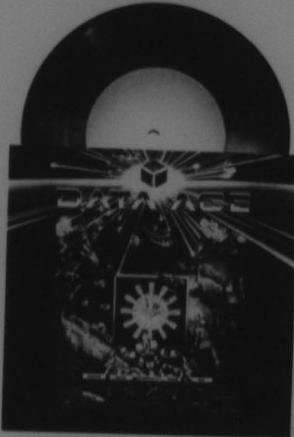
Data Age understands video games. We know they mean total involvement in a world of fast action and tingling suspense. And we wanted to find a way to bring that excitement to customers before they actually bought our games. Here's how we did it.



We're Playing It By Ear. We've put our video games on record. That's right. We asked a well-known science and science-fiction writer

to collaborate with one of Hollywood's most respected sound producers to bring each of our games to life, using dramatic dialogue and great sound effects. Now your customers can experience the thrill of Data Age... Video Games in a way that no picture or set of printed words could hope to do. It's the closest and cleverest thing to actually playing a video game that the best people in the entertainment business could devise. And Data Age distributors are giving these records away so that you can turn right around and give them away to your customers.

The only place the Data Age record will be available is in retail stores. It will be up



to you to meet the demand. And you can expect a demand—because once customers hear our video games they'll be back to you, more than once.

And Now Hear This. We'll be supporting our record and games with some exciting promotions, aimed at teenagers, your prime customer for video games. We'll be advertising on the teenagers' favorite medium: radio. We plan to saturate the best of contemporary music stations around the country, telling every major market about Data Age... Video Games. We'll promote the free record with local DJs—and they'll send their listeners right to your store.

Just call your Data Age distributor. He'll have our records in boxes of fifty that unfold into counter-top displays that say "Free!" All you have to do is set the records out—and watch them disappear.

Listen, Then Look.

You'll also want to hear more about the Data Age distributor's local marketing program. We're offering 100% paid co-op advertising.



A poster that's a knock-out. And best of all, an earful of other ideas that will help you set up a local campaign to tell teenagers that the video

game action is at your store.

Data Age isn't afraid to do things a little differently. After all, if a company can put a video game on an audio disk, you know they've got some other good ideas. But don't just listen to us, or to our record. Take a look at our action games. There's action in the packaging, which tells a story and challenges a player's skill and concentration. And action over the counter, once the word gets around. And around.

Call your Data Age distributor for details on our free record offer. Our co-op advertising deal. Our local marketing plans. Our radio push. Or call Data Age directly—we'd be glad to hear from you.



THERE'S A LOT MORE TO OUR BUSINESS THAN FUN AND GAMES.

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First there's **PLANET PATROL™**, with the excitement of outer space invasions by day and night. There's **GANGSTER ALLEY™**, with dangerous criminals everyone is looking for. There's **TAPEWORM™**, where Slinky the Spectraworm must be protected from ravenous predators. There's **CROSS FORCE™** with its monstrous Morpuls. And there's **CHINA SYNDROME™**, where the unthinkable — a core meltdown — must be stopped.

Spectravision delivers, in more ways than one. We deliver games with more realistic sound effects and more spectacular graphics. We deliver games with day/night phases. We deliver more difficult skill levels, plus more action and challenge. Just as important, Spectravision delivers fast. We get our games on your shelves much faster than some of the larger video game companies. So you spend more time at the cash register, and less time waiting for shipments.

If you've got your sights set on record profits for this holiday season, see to it that Spectravision is on your shelves. We think they'll be many happy re-orders to come.

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SPECTRAVISION™

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Computer sales require customer education plus both in-home, in-store sales training

By Stephanie Flory, field editor

N. OLMSTED, OH—Night classes taught by a systems analyst have helped educate customers about computer programming at ComputerLand. The sessions have also boosted personal computer volume significantly.

"Computers require more follow-up education than other merchandise," explained Jordan Wexler, owner. "Software education is an integral part of the business."

The three-unit operation, with stores in the Cleveland-Akron area, has been in business for five years. Merchandising interviewed Wexler at his 2,500-sq.-ft. N. Olmsted store, located amid a string of specialty shops in a Cleveland suburb. It has been open for three years.

Personal computers generate about 20 percent of total volume, according to Wexler. The remainder is in business computers, software, computer books and related periodicals.

Training sales personnel several weeks before throwing them onto the sales floor has helped build confidence, Wexler pointed out. All employees are required to take home a computer for several weeks before they work in the store. "It takes about six months to one year to fully train a salesperson," he said.

Educes customers

To teach customers about programming, the store offers three two-hour classes. A systems analyst for Ohio Bell Telephone, who is also a high school math instructor, teaches the classes.

Some eight to 10 people attend each session. Total cost for the three sessions is \$60, and purchasers of the IBM or Apple systems receive two free classes.

Presently, classes teach the fundamentals of computer programming. "The emphasis is on the BASIC language," Wexler stated.

Future classes will be geared more to business applications for computers. "We'll hold sessions in VisiCalc, which covers financial planning, and classes in word processing," he said.

Classes are held inside the stores after business hours. The eastern Cleveland store contains a built-in

classroom facility to simulate a school-like atmosphere.

Customer education at ComputerLand starts before a computer is even purchased, as knowledgeable sales personnel provide help and thoroughly demonstrate the equipment. The average pre-sales demonstration runs 1½ to three hours, Wexler stated.

Customers who purchase a computer are then taught basic operations of the system. In addition, patrons are shown how to use diskettes and the various application programs they purchase.

About 90 percent of all purchasers require follow-up training after the system is taken home, Wexler pointed out. "If a customer returns to the store with questions, we'll always help him."

Personal computer lines sold by ComputerLand include Apple, Osborne, IBM, Fortune, Altos and NorthStar. The firm stocks 75 pieces of business software and 100 pieces of entertainment software.

In general, software profit margins are higher than those for computers, Wexler stated. However, problems with defective software have created upheavals for the firm.

"Sometimes, diskettes won't copy right," he stated. "We give a customer an over-the-counter replacement when this occurs."

Train sales clerks

To educate sales clerks, all new personnel are required to take home

(Continued on page 75)

**Plug into a
180 million user market!**



Today's telephone after market is 180 million plus phones in use. Here are the accessory products that can put you into that market:

Accessories that add functions to standard telephone sets:

Hold

Volume Amplifier

Privacy

Tone Ringing

and the popular cords and adapters to update or expand systems.

WE MAKE IT E-Z FOR YOU—

Colorful, attractive display modules quickly identify your telephone center display.

Self selling packages - illustrated instructions for installation and use.

Simple do-it-yourself installation.

Quality Designs meeting telephone company standards.

FCC Registered

Write or call for information and the sales representative nearest you.

E-Z CONNECT
Telephone Accessories



TESTING THE DIFFERENT BRANDS of computers makes the purchasing decision easier for customers at ComputerLand. Pre-sales demonstrations, lasting up to three hours, also help close sales.

The New Memory ZIP 757

Trim and multi-functional...with a memory for 16 unforgettable numbers and more! Dial mode switches from touch-tone to pulse; automatic redial calls busy numbers once a minute for 15 minutes. See the full range of features that make the New ZIP 757 the most in-demand, most advanced personal telephone on the market!

WEBCOR.ZIP THE TELEPHONE PEOPLE
Webcor Electronics Inc., 26 South Terminal Dr., Plainview, N.Y. 11803, (516) 437-0400
Toll Free: (800) 645-7513/14; Telex: 967895/6852109



Catalog showrooms beef up their telephone selections

(Continued from page 72)

"Customer acceptance has been good on rotary units, but when you get into touch tone and universal dialing they get lost," Hayek said. "There is a knowledge void surrounding the higher-end products."

The emphasis on telephone sales will vary from coordinating group to coordinating group. Therefore, several catalogers are creating a statement of commitment through the NIC route.

"We have seen a five-unit sku growth from our last catalog, a growth consistent with our coordinating group's (Jewelcor) growth," Edison's Mason said. "However, our NIC growth may not be comparable."

While last year's catalog featured one cordless model, Mason introduced another three units as NIC's. Based on his experience with these products, the coordinating group has incorporated these new products in the upcoming fall catalog. The unit featured in last year's catalog was dropped because of quality problems.

Featured in electronics

The catalogers interviewed agreed that the telephone display should be located in the electronics department; however, display presentation varied. The only similarity was a common eight-running-foot area which coordinated telephone units and accessories

Computer salespeople must first train at home

(Continued from page 74)

an Apple or Osborne computer before they start to work. "Usually, sales personnel work with the system for three to six weeks prior to employment," Wexler said. The Apple and Osborne systems were selected for training because they are fairly representative of the units offered by the store.

Monthly training seminars help keep employees on their toes. The staff may discuss why certain computer sales collapsed. Unsuccessful sales are sometimes role played to show employees how to react in a future situation, Wexler noted.

In addition, employees are brought up to date on new products, such as computers and software, during the classes.

To promote computers to customers, two to four 1/8- to 1/4-page ads are placed in three local newspapers, Wexler explained. In addition, 30 60-second radio spots are broadcast every month on a local big band station.

"Computers will undergo vast changes within the next few years," Wexler predicted. "The Japanese will soon dive into the market, and business may quadruple," he said.

Currently, about 95 percent of ComputerLand's customers are men aged 18 to 65, Wexler stated. "Many times, they need to convince their wives that a computer is a worthwhile purchase," he said.

However, within the next five years, women may start dashing to stores to buy their own computers. "Today, most students, including girls, receive computer training in school," Wexler stated. "When this group of kids graduates, they'll already be tuned in to the benefits of a computer."

such as cords and phone answerers.

"I think the neatest display is a gondola with wall phones on top, desk-top units on angled shelves and answering machines beneath," Luria's Hayek said. "We also coordinate phone accessories, such as memo pads and address books, with the phone units."

One problem in display has been a lack of support materials.

"In the future, we have to look to the suppliers for new displays," said Mason. "So far they haven't offered us much in the way of point-of-sale materials."

Beyond the annual catalog, the most consistent and uniform advertis-

ing vehicle was the flyer. All catalogers interviewed have featured at least one phone unit in each flyer that has been released recently.

At Edison's, telephone products were featured in the March and May flyers with strong results. The March flyer featured a low-end, long-range cordless model for \$124.97 and a standard rotary desk phone for \$19.97. By the end of the sale, 200 cordless pieces and 850 standard models were sold.

The May flyer followed with a stepped-up cordless unit with intercom feature for \$139 and an increase in price to \$21.67 for the standard model. Sales for the cordless units

totaled 370 and the desk units were 300.

"We usually do some newspaper advertising in the fall when the catalog comes out, but that's based on co-op advertising dollars," reported Mason. "Since none of our telephone suppliers offer this service, phones will probably not be included."

There were no grumblings among the catalogers as to quality. Each reported that the products have been relatively service-free. Over-the-counter exchanges, varying from one to six months, were standard.

With the exception of one buyer, the catalogers viewed other catalogers as their stiffest competition. Only one felt that discounters and phone company stores were threats.

Cordless phone fever is spreading and Cobraphone is the hot brand



More and more Cobraphones are following your customers out to the sunshine. Because America is really warming up to the idea of telephones that go where you go...and Cobraphone is the cordless phone line that adds all the right bells and whistles. Start with the familiar Cobra name and what it stands for: quality, dependability, state-of-the-art technology. Add selection, 12 models with a dazzling array of features, a full range of price points. Long range models for outside use, low-cost, short range for inside. Even a combination cordless phone/clock-radio. Look at the photo of the Cobraphone above.

That's the winning look of our new compact line, designed to fit the hand, not fight it. Features include 9-number automatic dialing, 2-way intercom, automatic redial, remote charging and more. We'll be telling your customers about the phones that follow them out to the sunshine in the biggest Cobraphone national advertising program ever. And we'll back you up in your market with in-store displays, window banners, newspaper ad materials, dealer tv commercials, 4-color customer handouts, promotional plans and a generous co-op ad program. Cordless phone fever is spreading. The phones that go out are in. Get out in the profitable sunshine with the Cobraphone line. See your local Cobraphone distributor or contact us directly for details.



Cobraphone
CORDLESS TELEPHONES

Cobra Communications Product Group
DYNASCAN CORPORATION, 6460 W. CORTLAND, CHICAGO, IL 60635 • 312/889-8870

PERSONAL ELECTRONICS/NEW RELEASES IN VIDEOGAME SOFTWARE

ACTION

AIRLOCK, Data Age. Atari VCS-compatible. Available in October. Suggested retail \$31.95.

ATLANTIS, Imagic. Atari VCS-compatible cartridge available now. Suggested retail \$31.95. Mattel Intellivision-compatible cartridge available in October. Suggested retail \$34.95.

ARMOR AMBUSH, Mattel M Network. Atari VCS-compatible. Available now. Suggested retail about \$30.

BEAUTY AND THE BEAST, Imagic. Intellivision-compatible. Available in October. Suggested retail \$34.95.

BUGS, Data Age. Atari VCS-compatible. Available in October. Suggested retail \$31.95.



COMMANDO RAID, U.S. Games. Atari VCS-compatible. Available now. Suggested retail \$29.95.

CROSS FORCE, Spectravision. Atari VCS-compatible. Available now. Suggested retail \$29.95.

FAST EDDIE, Fox Video Games. Atari VCS-compatible. Available in fall. Suggested retail \$34.95.

FIRE FIGHTER, Imagic. Atari VCS-compatible. Available now. Suggested retail \$24.95.

FROGS AND FLIES, Mattel M Network. Atari VCS-compatible. Available now. Suggested retail about \$19.

FROG BOG, Mattel. Intellivision-compatible. Available now. Suggested retail about \$19.

MEGAMANIA, Activision. Atari VCS-compatible. Available this month. Suggested retail \$31.95.

NEXAR, Spectravision. Atari VCS-compatible. Available now. Suggested retail \$29.95.



PITFALL, Activision. Atari VCS-compatible. Available now. Suggested retail \$29.95.

SNEAK 'N PEEK, U.S. Games. Atari VCS-compatible. Available now. Suggested retail \$29.95.

SSSSNAKE, Data Age. Atari VCS-compatible. Available this month. Suggested retail \$31.95.

TOWERING INFERNO, U.S. Games. Atari VCS-compatible. Available now. Suggested retail \$29.95.

TRON DEADLY DISCS, Mattel. Intellivision-compatible. Available in September. Suggested retail about \$30.

WORD ZAPPER, U.S. Games. Atari VCS-compatible. Available now. Suggested retail \$29.95.

ARCADE

GORF, CBS Videogames. Atari VCS-compatible. Available in the fall. Suggested retail \$30.

JUNGLER, Emerson. Arcadia 2000-compatible. Available in October. Suggested retail \$39.95.

LOCK 'N CHASE, Mattel. Intellivision-compatible cartridge available now. Suggested retail about \$39. M Network Atari-compatible cartridge also available now. Suggested retail about \$39.95.

TANKS-A-LOT, Emerson. Arcadia 2000-compatible. Available later this month. Suggested retail \$39.95.

PLEIADES, Emerson. Arcadia 2000-compatible. Available in October. Suggested retail \$39.95.

SPIDERS, Emerson. Arcadia 2000-compatible. Available in October. Suggested retail \$39.95.

WIZARD OF WOR, CBS Videogames. Atari VCS-compatible. Available in the fall. Suggested retail \$30.

SPACE

ASTROBLAST, Mattel M Network Atari VCS-compatible. Available now. Suggested retail about \$30.

COSMIC ARK, Imagic. Atari VCS-compatible. Available now. Suggested retail \$31.95.

COSMIC CREEPS, Telesys. Atari VCS-compatible. Available this month. Suggested retail \$31.98.

DEMON ATTACK, Imagic. Intellivision-compatible. Available in October. Suggested retail \$34.95.

ENCOUNTER AT L-5, Data Age. Atari VCS-compatible. Available in October. Suggested retail \$31.95.

KILLER SATELLITES, Arcadia. Atari VCS-compatible (with Supercharger). Available in October. Suggested retail \$9.95.

SPACE ATTACK, Mattel M Network. Atari VCS-compatible. Available now. Suggested retail about \$30.

WARLOCK, Data Age. Atari VCS-compatible. Available in October. Suggested retail \$31.95.

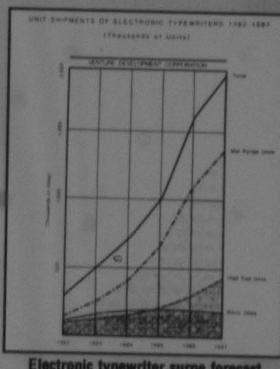
(Continued on page 84)

TIMEX
We make technology beautiful...
and profitable.

NEWSLINES

PERSONAL ELECTRONICS

123QS



FAIRFIELD, NJ—Startling advances in digital watch features and technology should spur sales growth in the next year. During an interview with *Merchandising*, Casio timepiece division vice president Gary Smith said that a sensor watch, due in November 1982, will give air, water and body temperature readings. Suggested retail will be \$49.95. Meanwhile, Casio digitals have been slimmed down and many highly functioned models in the future will measure less than six mm wide. Even more impressive engineering feats will benefit retailers in '83, though. For example, an English to Spanish translator watch, about \$129 retail, will be able to show 1,455 words and phrases on its alpha-numeric display. It will also feature three alarms, a stop watch and a 24 time-zone world display. In addition, Very Large Scale Integration will combine with new display technology to help produce a Casio television watch next year, Smith said. It will not require a separate tuner. The retail price will be about \$199.

HAWTHORNE, CA—Mattel, Inc. will appeal a Federal Court decision that six Intellivision videogame cartridges infringe patents licensed to Magnavox, a subsidiary of North American Philips, supplier of *Odyssey*². The court has meanwhile granted Mattel's request to delay enforcement of an injunction against manufacture and sales of the cartridges pending a further hearing. Affected are Intellivision football, baseball, tennis, hockey, basketball and soccer games.

LUBBOCK, TX—In a move sure to spark Christmas sales, Texas Instruments has launched a \$100 rebate for its TI 99/4A home computer. The offer is valid with proof of purchase between Sept. 1 and Jan. 31, according to assistant vice president and marketing manager Bill Turner. Network television advertising touting the computer as "the best for less" has just begun. The timing of the offer reflects more than the oncoming Christmas season, though. Texas Instruments has lately placed greater stress on developing high resolution games for the TI 99/4A, Turner said, and now can offer consumers enrichment, computer familiarity and entertainment at a price competitive with high-end videogame consoles. He predicted further price reductions in the future. Turner added that the TI 99/4A cannot become obsolete soon, because it has a 16-bit microprocessor and 26K ROM and 16K RAM, expandable to 52K RAM.

WELLESLEY, MA—Shipments of electronic typewriters will grow from 315,000 in 1982 to 1.9 million in 1987, according to a report by Venture Development Corp. However, VDC forecasts different growth levels for three electronic typewriter categories. Mid-range and high-end units will show the most dramatic sales increases, while basic units will show a relative decline in popularity, the Wellesley, MA research firm predicted.

WESTBURY, NY—"Next year, 1983, is going to be the year of the telephone as a consumer electronics product category," according to Mura Corp. chairman Mort David. "In 1982, sales of corded and cordless telephones will surpass 3½ million units. In 1983 this figure should grow by an additional 25 percent," he said. "Specialty dealers who are waiting to see if telephones will take hold in the consumer market shouldn't wait any longer," David stated. "They should follow the lead of the mass merchandisers and department stores in positioning telephones as a major part of their retail merchandising and promotional effort."

SUNNYVALE, CA—Atari will advertise on national network television a total of 23 of the final 26 weeks of the year, using the theme "Have you played Atari today?" For the first time, Atari will sponsor such Saturday morning children's programs as *Bugs Bunny*, *Smurfs*, *Tom and Jerry*, *Tarzan*, *Blackstar* and *Trojan*. In addition, the Atari 5200 will receive full national network television support when it is introduced in October. Local Atari dealers will be able to tap directly into Atari's television backup through co-op advertising funds. For every national TV ad there will be a condensed version (25 seconds) produced for a dealer's local television. It features the same theme and music, and five seconds for dealer identification.

Making its first appearance on national network radio this year, Atari plans to purchase three four-week commercial flights on major contemporary music networks. The flights include 60 announcements per week of new game cartridge introductions. Also available to dealers through co-op funds are six radio commercials, in 50- and 25-second versions, with dealer tags of 10 and five seconds.

In addition to advertisements in *Life*, *Newsweek*, *Playboy*, *Sports Illustrated* and *Time*, Atari is moving into specialty magazines such as *Electronic Games* and *Video Games*. Promotions will also be used heavily in the second half. The largest one, a joint Atari-McDonald's promotion, concludes Oct. 15. From Nov. 15 to Dec. 24, anyone who buys a Video Computer System will receive a \$25 coupon book. Five \$5 coupons can be redeemed for game cartridges or accessories.



More personal electronics
at CES: Wayman

WASHINGTON, DC—Applications for all available space at exhibit facilities in Las Vegas have already been received for the upcoming Winter Consumer Electronics Show, to be held Jan. 6 through Jan. 9, 1983. The Winter CES has now become the largest of some 12,000 trade shows held annually in the United States. However, "the real measure of success is the quality and product scope of the manufacturers who will be exhibiting," commented Jack Wayman, senior vice president of EIA/CEG. "Virtually every major manufacturer in every consumer electronics category will be participating, and we will be welcoming a large number of new exhibitors in such dynamic product categories as computers, computer software, videogames and accessories, and telephone equipment, as well as photographic manufacturers who have moved into video."

MANAGEMENT MOVES: Timex Group Ltd. appointed Kirk Pond, 37, senior vice president for consumer electronics operations. Pond joined the company after 14 years with Texas Instruments. In his new role, he will be in charge of Timex's consumer electronics activities. Dr. Lemuel Tarshis, 41, executive vice president for timekeeping operations, has been elected to the board of directors and will be in charge of the company's watch and clock businesses and manufacturing and technology activities...National Semiconductor Corp. has named Randy Parker vice president and general manager of the recently formed Microcomputer Systems Div....Craig Balchunas has been appointed national sales manager, consumer calculator and watch division. Sanyo Electric...David S. Glass joined Casio, Inc. as national sales manager, Consumer Products Div.

PERSONAL ELECTRONICS

'95% of people' are potential phone buyers

(Continued from page 71)

mind that he does not have to go to Bell, Reichenstein pointed out. "Ninety-five percent of people rent, and that is a big opportunity for everyone."

"The unbundling of rates has begun and will be helpful," he said. "Publicity will be a big help. There is not much doubt that the consumer has learned he can own his phone. What is now important is showing him where he can buy it, along with what is offered and the cost savings."

"Christmas 1982 will be the season when a lot of people want to establish themselves as retailers," he con-

tinued. But this must be done carefully.

An ineffective strategy would be for an audio store, for example, to run a phone next to audio products in newspaper ads. "That is missing the point. One phone does not make you a retailer," Reichenstein said.

"Gang up several together in at least a section of the ad," he said. "A sale should be pushed. If you promote, you can step people up and make additional profit."

Price cuts expected

Price cuts will take place next year as the result of increased manufacturer

and retailer competition, predicted a Midland International exec. "Mass merchandisers will be able to advertise heavily and lay in business."

Cobra Communications, division of Dynascan, general marketing director Neil Bloomfield advised all retailers against putting phones under a glass case. Consumers regard them as a home appliance that they want to touch and use.

"Tell them about the warranty, and the manufacturer's service facilities." Go with a well-known name that customers can feel confident will be around if the phone needs servicing, he suggested.

Many telephone executives predicted that the industry's hottest item for the Christmas season and next year will be the cordless phone. Uniden Extend-A-Phone vice president of marketing Roy Mulhall projected that 1.5 million will be sold this year, and three million next year.

There has been a "dramatic" improvement in the voice quality over the past two years, he said, and further advances will take place next year.

Promoting category

Some retailers have been promoting the category strongly, and this has helped raise the awareness level in some parts of the country, such as California, Mulhall continued.

The cost of merchandise to dealers, however, is not coming down for good-quality product, as "this is a very expensive product to build well," he said.

What has occurred is that "Our sales rate has been faster than expected. There has been a problem with retailers having to wait." But, "We expect to fulfill demand through the end of the year," Mulhall stated.

Also back-ordered, Cobra expects 1.8 million cordless phones to be sold this year, and 3.5 million in 1983.

"They have really caught on since the first of the year," said Bloomfield. "No one in the industry anticipated the demand."

"There is a product shortage all the way through," agreed Richard Murphy, Electra Co. manager, marketing services. "The market has expanded at a rate we can't comprehend."

Videogame releases

(Continued from page 76)

SPORTS

SUPER CHALLENGE BASEBALL, Mattel M Network. Atari VCS-compatible. Available now. Suggested retail about \$30.

SUPER CHALLENGE FOOTBALL, Mattel M Network. Atari VCS-compatible. Available now. Suggested retail about \$30.

STRATEGY

ADVANCED DUNGEONS & DRAGONS, Mattel. Intellivision-compatible. Available this month. Suggested retail about \$39.

EXCALIBUR, Arcadia. Atari VCS-compatible (with Supercharger). Available in October. Suggested retail \$9.95.

FIREWORLD, Atari. Atari VCS-compatible. Available in the fall. Suggested retail \$37.95.

Labyrinth, Arcadia. Atari VCS-compatible (with Supercharger). Available in October. Suggested retail \$9.95.

MICRO SURGEON, Imagic. Intellivision-compatible. Available in October. Suggested retail \$34.95.

RIDDLE OF THE SPHINX, Imagic. Atari VCS-compatible. Available now. Suggested retail \$31.95.

ROYAL DEALER, Mattel. Intellivision-compatible. Available now. Suggested retail about \$19.

SWORDS AND SERPENTS, Imagic. Intellivision-compatible. Available in October. Suggested retail \$34.95.

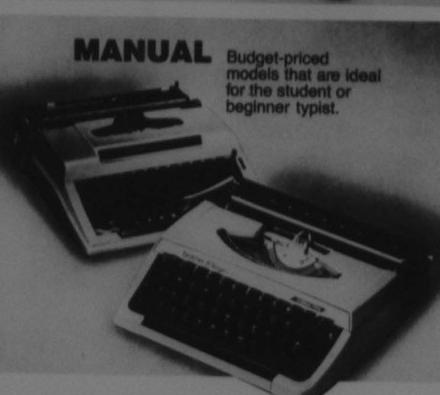
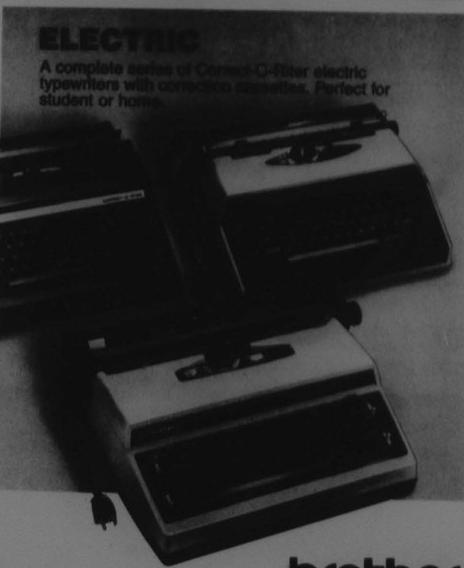
MERCHANDISING

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Price points • Profits • Outstanding features and quality



Only Brother blankets the market so completely. There isn't a category we don't cover...and at every important price point.

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Commodore 64

Timex introduces 7mm calc/watch

MIDDLEBURY, CT—An eight-digit memory calculator watch by Timex is called one of the thinnest on the market, at 7mm. Styled with a black graphic lens and matching strap, model 61311 features direct keyboard entry, daily and weekly alarms and chronograph. Retail is about \$29.95.

Timex, 1579 Straits Turnpike, M., Middlebury, CT 06762.



Timex watch 61311

Mura adds cordless, two corded telephones

WESTBURY, NY—Mura Corp. has introduced the Muraphone 800/801 cordless telephone system. Two new Qwik corded one-piece telephones also debuted.

The MP 800/801 is two complete telephones in one system. Both base and remote units function as independent phone systems, offering 32-number memory capacity and an operating range of up to 1,000 ft.

The unit has full duplex intercom between base and remote. It will accept up to five separate remote units, and the remote units can be paged from the base unit individually or all at once. It has a suggested list of \$249.95.

The new low-cost corded one-piece telephones join the previously introduced Qwik 200. Like the Qwik 200, the Qwik 250 features no digit limitation on regular dialing. It has a 10-number memory capacity and automatic redial.

The top-of-the-line Qwik 350 offers all the features of the Qwik 250, plus the option of switching from universal rotary to DTMF tone pushbutton control.

The Qwik 350 has a suggested retail price of \$39.95. The Qwik 350 has a \$49.95 suggested list.

Mura Corp., 177 Cantiague Rd., M., Westbury, NY 11590.



Muraphone MP-800/801

Commodore 64 has planned \$595 retail price

VALLEY FORGE, PA—The Commodore 64 gives home and business users 64K computing capability along with three-dimensional-style color game graphics and music synthesis. At a planned retail price of \$595, it is claimed to offer one-third more computing power than the Apple II+ at less than half its suggested retail price.

Physically resembling the VIC 20 computer, the Commodore 64 can use VIC 20 peripherals, along with many programs for Commodore's Pet computers. With the addition of an IEEE-488 cartridge, the 64 can run other Commodore peripherals includ-

ing CBM disk drives and CBM printers.

The 64 will play all the games designed for the Commodore Max machine. Its 40 column by 25 line screen and 16 colors also allow users to create their own characters and games.

Versions of popular word processing and spread sheet programs, and many other applications, will be available.

Commodore Business Machines, Computer Systems Div., The Meadows, 487 Devon Park Rd., M., Wayne, PA 19087.

Computer book catalog details latest Sybex titles

BERKELEY, CA—A free full-color computer catalog has been released by Sybex. Included are descriptions and pictures of its wide range of microcomputer books, self-study cassette courses and software. The

24-page catalog covers business; general interest; Basic, Pascal and assembly language programming, operating systems and hardware.

Sybex, 2344 Sixth St., M., Berkeley, CA 94710.



FOR \$100 RETAIL, OUR NEW POWER PACK WILL RUN LONGER THAN MOST PEOPLE CAN HOLD A CAMERA.

Does it make sense to sell a man a 4-hour cassette and then send him out with a 1-hour VCR battery?

We didn't think so. That's why we came up with the new Again & Again rechargeable 5-hour power pack. It provides 5 hours continuous running time for VCR camera and recorder. And at \$99.95 suggested retail, it could be one of the most important items in your store.

Especially when you consider that a man who just paid \$2000 for video equipment would gladly drop another hundred to keep from having to carry an armload of batteries around with him. Because one of these will do the work of five of those.

Ask your Again & Again representative about the new 5-hour power pack or our standard 3-hour power pack, or call the Saft Consumer Products Division at 612/645-8531 for more information.

Your customers may never have to carry spare batteries again.

But they may need a spare cameraman.



PP1290C
5-Hour Power Pack
\$99.95 Sugg. Retail

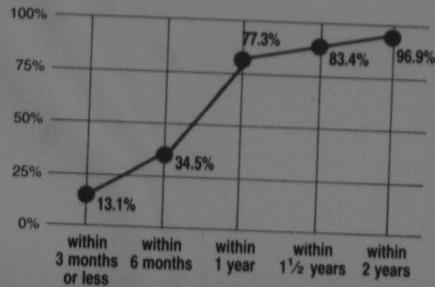
PP1260C
3-Hour Power Pack
\$69.95 Sugg. Retail

SAFT America Inc., Portable Battery Division / 931 North Vandalia Street / St. Paul, Minnesota 55114

The Coming Boom in Personal Computers

**Merchandising readers
(representing 650 firms
operating 8,274 stores
doing \$4.85 billion)
reveal their plans
to jump into
or expand in tomorrow's
hottest category**

If you do not carry but plan to add personal computers, when do you expect to do so?
(Based on 229 replies)



Do you now carry or do you plan to carry personal computers? (Based on 8,274 stores)

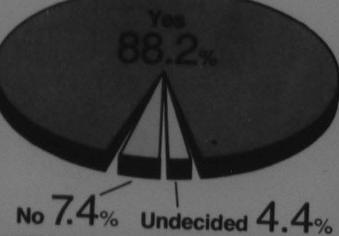


NOW CARRY 10.8%
PLAN TO CARRY 53.9%
NOW CARRY OR PLAN TO CARRY 64.7%

If you now carry personal computers, what change do you expect in volume in 1982?
(Based on 42 replies)

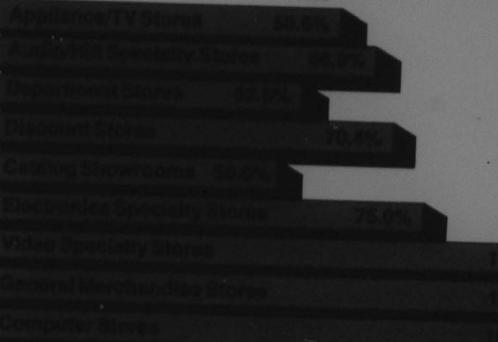
+79.6%

If you now carry personal computers, do you plan to expand your offerings in this category in 1982-83? (Based on 135 replies)



Do you now carry or do you plan to carry personal computers?
(Based on 650 replies)

YES



Also in this issue:

- Renting microwaves can help blaze new frontiers in market penetration
- Solomon J. Cooper lays down the law on employee loans, leaves, vacations and resignations
- Who's Selling Electronics? Manufacturers break down sales by type of retail outlet
- Retailers report: Digital alarms and wall clocks lead the parade in sales
- Merchants compare techniques at Video Software Dealers Association inaugural conference



Bill DeSiena

Under-\$500 computer ads need price and service pitch

Within the past six months, electronics dealers of all types have ventured into the under-\$500 home computer market. If a sampling of early retail ads from around the country is any hint, a number of these dealers have a lot to learn about promoting the product.

Most of the newspaper ads reviewed for the first weeks of September promoted price above all else (if, indeed, there was anything else mentioned). But with the major vendors cutting hardware prices and offering

software deals, one dealer's price was often the same as the next's.

Today, it's mostly the traditional computer stores that are offering more complete and creative ads. Their actions could serve as a good example for the second wave of retailers—from video stores to supermarkets—now vying for a long-term share of the market.

These computer outlets show that a dealer can distinguish his store from the competition by stressing user training and service. And the way



- Unbeatable price points for big profit margins
- Extensive line of calculators for every customer preference
- Outstanding reliability, proven quality
- Complete dealer support, co-op programs, incentive programs

- National Order Department for same-day processing of your orders
- We deliver... We care!
- Sanyo Electric Inc., 200 Riser Rd., Little Ferry, N.J. 07643. Contact Mr. Craig Balchunas, National Sales Manager, Calculators and Watches. Call toll-free: 800-526-4613

Don't Buy Numbers without the Name.

 **SANYO**



peripherals and other accessories are merchandised can set the store apart even further.

Ads push price

The growth of the home computer may be as explosive in the fourth quarter of 1982 as it was for the videogame at the same time last year. Manufacturers are standing behind the product with national prime time advertising as well as promotions at the dealer level. They have dropped prices on their home computers to bring the consumer a basic system for well under \$300 retail.

What responsibilities, then, are left to the dealers? If most stores are offering the same price, each should attempt to separate itself from the pack. Unlike the videogame, the home computer is still unfamiliar to most consumers.

While the toy store across the street may offer the unit for \$5 less than another retailer, the lower price won't mean anything to the parents who want to learn how to use the computer themselves before they give it to their children for Christmas.

However, only two out of 10 ads from retailers other than computer specialists mentioned that some sort of trained sales help was available.

One was run by a New York-based department store, which offered only manufacturer-supplied demonstrators to answer questions. Otherwise, no trained computer salespersons were stationed in-store.

The other store, an electronics/appliance unit, told customers to come in and speak to its "home computer salesmen," who could explain "how easily (sic) you and your family can adapt your everyday needs to a home computer." This retailer advertised all of the major brands, and chose not to mention prices.

Learn from specialty stores

By featuring services rather than prices in its ads, this dealer did what computer specialty stores do when they advertise to their business-oriented clients. With specialty stores, offering such service is the rule. For other retailers that sell computers, however, it can still be enough to set them apart from the herd and clinch extra sales.

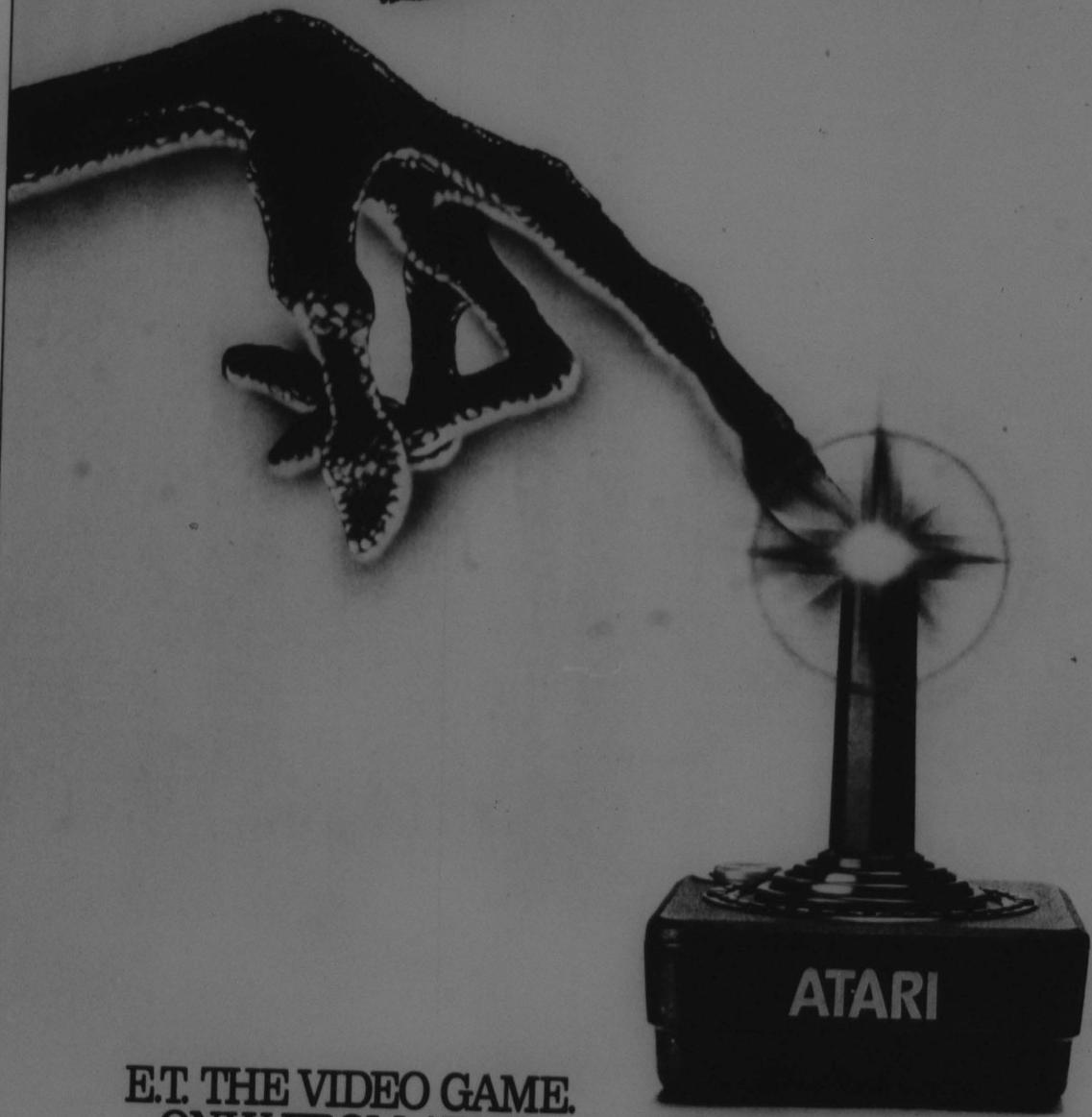
Offering more than just low prices can pay off in the long term, too. For after a computer has been taken home and used for a while, most customers look to add a printer, a floppy disk drive, a telephone modem or other peripherals. And they're always in the market for software.

A dealer with a knowledgeable staff will be able to guide this user to the peripherals and accessories that meet his specific needs, and more importantly, help to justify the additional costs in the consumer's mind. Furthermore, because the home computer induces consumers to constantly trade up, serious merchants should start now to sell them on their commitment to the product, as well as their low prices.

DeSiena covers personal electronics

WITH THIS ISSUE, associate editor Bill DeSiena shifts his focus to the personal electronics beat. DeSiena was formerly assigned to housewares. He has been with the magazine since April 1980.

E.T.^{TM*}



E.T. THE VIDEO GAME.
ONLY FROM ATARI.

COMING HOME SOON.

W A Warner Communications Company

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Merchandising

123QS678 PERSONAL ELECTRONICS

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WHO'S SELLING PERSONAL ELECTRONICS?

Strong growth in videogames, computers, phones will coax more dealers to compete

By Bill DeSiena, associate editor

HAWTHORNE, CA—The explosive growth taking place in videogames, computers and telephone equipment will invite more retail segments to grab a slice of each product pie.

During the next five years, many merchandisers—including some department, discount and drug stores, catalog operations, catalog showrooms and even supermarkets—will attempt to firmly entrench themselves in these areas. Yet, as competition expands, prices will shrink.

However, vendors told *Merchandising*, product innovations flowing into the marketplace at the high end will assure specialty retailers of a place in the market with healthy margins.

Discounters top videogame share

Expecting the best quarter to date for videogame volume in the approaching holiday period, manufacturers agreed that sales have gravitated to the discounter.

"Discount chains are out in front in videogame market share," commented Richard Hoag, vice president of sales, Mattel Electronics. He figures the discounters' share in 1982 will be upwards of 25 percent of the total. Catalog showrooms are most likely to follow, with catalog stores (such as Sears' and Penney's) and toy stores right behind.

Department stores are the only segment showing a measurable decrease, said Hoag, "but there are a handful of strong exceptions here."

While discount stores dominate the category with the largest share, it's the catalog stores that are placing second, according to Ron Stringari, vice president, consumer electronics, Atari. "We don't expect a tremendous shift in retail market share in the next year, because the market is expanding in all directions," he explained.

However, Jerry Michaelson, Mag-navox's vice president of marketing for Odyssey 2, disagreed. "Specialty stores are getting a smaller share of the videogame trade because of vigorous price competition in hardware and software. This will be the year of the software war, and it has yet to begin. The troops aren't even in the trenches yet," he explained.

In 1982, mass merchandisers (such as Sears, Penney's, Caldor's) and toy stores are accounting for 40 percent of the total business, said Michael Katz, vice president, corporate communications, Coleco Industries. "We are prepared to distribute our videogame system through traditional mass merchandiser channels but will also aggressively set up smaller electronic retailers in business."

Within the next few years, Mattel's Hoag predicted, electronics stores will boost their share. "They are the ones with entrepreneurial spirit, and offer the advantage of service to the customer that others don't have," he reasoned.

More realism, sophisticated on-screen graphics and better resonance will propel growth in the videogame business, noted Coleco's Katz. "Putting better control in the joysticks will also be a plus. The more control a game can offer the user, the more

popular it will become." Voice and speech features, he said, were of less importance in the consumer's mind.

Looking ahead five years and beyond, manufacturers offered differing perceptions of the videogame market. "The computer and videogame markets will come together someday," predicted Odyssey 2's Michaelson. "What made the two items distinct last year was price. What has made them less distinct this year is price."

Atari's Stringari perceives the videogame and home computer markets as separate groups. "These segments will never totally evolve into one," he said. "If it happens, it will be the first time such a thing has ever happened. Consumers have different needs and don't want to buy a universal product."

If the businesses are one, as Mattel's Hoag attested, a step-up videogame is important. "An Intellivision system could convert into a basic computer," he pointed out, "but the basic videogame without step-up possibilities will always be around."

There are an estimated 82 million households in the U.S. today, and Hoag forecasted that by 1990, 60 percent of them will be equipped with a videogame and/or home computer. But the market is moving so fast, he reminded, that even this figure could become an understatement within the next year or two.

Computer distribution expands

As consumers read more and more about home computers under \$500, they are becoming increasingly receptive to owning one. "A whole new awareness exists at the consumer level," commented Stringari. As prices have come down (*see related story, Newsline, page 28*), interest has moved from the hobbyist to the mass consumer.

Likewise, computer specialty stores and electronic specialty chains (Radio Shack, Lafayette, etc.) are expected to lose some share in the next 12 months to mass merchandisers.

The number of stores carrying Commodore Business Machines' VIC 20 has risen from 700 in 1981 to 8,000 this year, according to product marketing manager Mike Tomezyk. In addition to the computer store, the under-\$300 system is being sold

through department stores, electronics "boutiques," toy stores, audio/video stores, music stores and even a few supermarkets.

"If mass merchandisers are to excel in home computers, they must remember three concepts," Tomezyk stated. First, when a computer under \$500 retail is sold, the dealer can easily match that amount in the number of peripherals, accessories (instruction manuals, tapes, etc.) and software, if they make it available to the customer.

"Over a period of time, a user will look for such extras. A computer disk-drive often costs more than the computer itself," he pointed out.

Second, a computer should be expandable and use peripherals and accessories common to step-up units. When a customer wants to trade up to a new unit in the line, he will more than likely do so if there is minimal investment needed. Software is often the only sizeable expense in the changeover.

Third, the industry is changing at a rapid pace. "If the computer you carry is futuristic expandable, customer resistance to buying it now will be reduced," Tomezyk summed up.

Where computer specialty dealers won't lose share just yet is on over-\$500 business-oriented systems, including those from Radio Shack, Apple, IBM and Hewlett Packard.

"Our distribution channel focuses on the office equipment and computer dealers," reported Corey Staton-Smith, divisional merchandise manager, Hewlett Packard. The company's fully configured systems run mostly between a \$3,000 and \$7,000 cost to the purchaser.

With the exception of specialized computer stores, Staton-Smith commented, most retailers are still unable to sell computers in that price range. "But we're seeing mass merchandisers setting up specialized computer departments in their stores. As personal and professional models become even more user-friendly, these

(Continued on page 21)

Also in this issue:

- Who's selling video? page 31
Who's selling audio? page 46



THE BEST QUARTER YET for videogame volume will occur in the approaching holiday period, manufacturers say. Many also agree that discounters will have the largest market share.



"...Suspenseful... Spectacular... A thrill a minute..."

The reviews will pour in as your customers experience the exciting adventures of RAIDERS OF THE LOST ARK — the newest action-packed game cartridge from Atari.

The quest for the lost Ark will bring them on a thrilling journey with Indiana Jones. Battling the enemy with guns and grenades. Confronting poisonous snakes with whips and bullets. There's digging with shovels. Escaping by parachutes. And more.

Your reviews? "...Exciting... Profitable... More store traffic..." No small wonder, because for three months, Atari will run commercials on prime time network TV, prime time football, and teen radio.



And there's a lot more in store. RAIDERS is just one of the new "movie" game cartridges Atari will introduce in the 4th quarter. So be ready to

turn some of the biggest hits in the movies, into some of the biggest hits in your store.



A Warner Communications Company

PERSONAL ELECTRONICS/RETAIL OPINION FILE

61.1% of readers polled have or plan to offer personal computers within the next few years

By Bill DeSiena, associate editor

NEW YORK—Here it comes! The boom in personal computer retailing is approaching like a tidal wave.

While today, consumers might have to think twice about where to go to make that first computer purchase, in the near future, they should be able to choose among a wide variety of stores.

More importantly, these stores will represent many types of retail outlets. Consumers who want the full services

of a specialty computer store will, of course, be able to shop there.

However, those that prefer to deal with their local audio/hifi specialty store, video dealer or electronics store will find they can buy their computers at those stores. And consumers that want the price advantages offered by a discount house or catalog showroom will probably be able to find computers there as well.

Of the 650 retailers (representing 8,274 stores) polled for *Merchandising's*

latest Retail Opinion File, a sturdy 20.8 percent now carry personal computers.

Even more enlightening, however, is the fact that 40.3 percent of those 650 retailers are laying plans to stock computers sometime in the future. That means that 61.1 percent of the retailers represented in the survey have or will have computers on their shelves—and soon.

Looking at the 8,274 stores these retailers represent, a mere 10.8 percent of them actually have computers in stock today. But that should balloon to 64.7 percent in the near future.

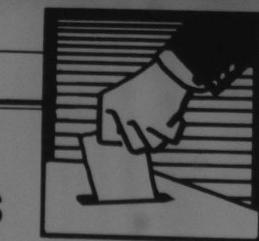
Prices are tumbling

Why the boom? One reason is the drop in price personal computers have experienced this year.

Consumers can now buy a basic hardware system for well under \$200. One manufacturer, Timex Sinclair, even has a unit for sale for under \$100 retail, and has expressed a goal of selling it through a broad variety of retail outlets.

Undoubtedly, these falling prices have accelerated the entrance of many retailers into the computer category.

At present, general merchandise and video specialty stores are the most enthusiastic computer merchan-



disers among the retailers polled, followed by electronics specialty stores and audio/hifi specialty stores.

Among those planning to enter the business soon, discount stores, appliance/TV stores, department stores and audio/hifi specialty stores appear most eager to get involved.

Those retailers that are already involved today are enthusiastic about the personal computer business. They predicted that their hardware dollar volume will jump 79.6 percent this year compared with last year. Peripheral sales are expected to climb 78.7 percent and software sales 106.3 percent in the same period.

Such rapid growth is being caused by several factors. Of course, the general public is becoming much better attuned to the possibilities of computer ownership. It's hard to pick up a consumer magazine or even a newspaper today without coming across a computer ad or even stories focusing in on personal computers. Even TV viewers this year would find it difficult to keep from learning about computers with the large number of ads being run.

In addition, so many of the retailers polled are recent converts to the business that the category's

(Continued on page 18)

Characteristics of the sample:

Type of responding company:	Number of replies	Percent of response
Appliance/TV Store	415	63.8%
Audio/Hifi Specialty Store	142	21.8
Department Store	40	6.2
Discount Store	27	4.2
Catalog Showroom	10	1.5
Electronics Specialty Store	8	1.2
Video Specialty Store	3	0.5
General Merchandise Store	3	0.5
Computer Store	2	0.3
Total	650	100.0%

Number of stores owned/operated:		Stores		
Companies	Number	Percent	Number	Percent
Single-unit	435	66.9%	435	5.3%
Multi-unit	215	33.1	7,839	94.7
Total	650	100.0%	8,274	100.0%

Replies by region:		
	Number of replies	Percent of response
Northeast	125	19.5%
North Central	198	30.9
South Atlantic	99	15.5
South Central	113	17.7
West	102	15.9
Puerto Rico, Canada	3	0.5
Total	640	100.0%

Replies by sales volume:		
	Number of replies	Percent of response
Under \$100,000	23	4.2%
\$100,000 - \$249,999	48	8.7
\$250,000 - \$499,999	160	29.1
\$500,000 - \$999,999	137	24.9
\$1 million - \$4,999,999	129	23.5
\$5 million - \$19,999,999	30	5.4
\$20 million or over	23	4.2
Total	550	100.0%

Total 1981 sales volume for sample \$4.65 billion
Expected change in 1982 + 11.4%

Replies by size of selling/display area:		
	Number of replies	Percent of response
Under 1,000 sq. ft.	49	7.9%
1,000 - 2,999 sq. ft.	295	47.5
3,000 - 4,999 sq. ft.	144	23.1
5,000 - 6,999 sq. ft.	47	7.6
7,000 - 9,999 sq. ft.	18	2.9
10,000 or more sq. ft.	68	11.0
Total	621	100.0%

Average selling/display area 6,237.8 sq. ft.

Percent of respondents carrying or planning to carry personal computers. (Based on 650 replies)				
	Percent of companies			
	Carry or plan to carry personal computers	Total	Now carry personal computers	Plan to carry personal computers
Single-unit companies	435	56.8%	18.2%	38.6%
Multi-unit companies	215	69.8	26.1	43.7
Total	650	61.1%	20.8%	40.3%

Percent of stores carrying or planning to carry personal computers. (Based on 8,274 stores)				
	Percent of stores			
	Carry or plan to carry personal computers	Total	Now carry personal computers	Plan to carry personal computers
Stores	8,274	64.7%	10.8%	53.9%

Percent of respondents carrying or planning to carry personal computers, broken down by type of outlet. (Based on 650 replies)				
	Percent of companies			
	Carry or plan to carry personal computers	Total	Now carry personal computers	Plan to carry personal computers
Appliance/TV Store	415	58.6%	17.2%	41.4%
Audio/Hifi Specialty Store	142	66.9	28.2	38.7
Department Store	40	52.5	12.5	40.0
Discount Store	27	70.4	25.9	44.5
Catalog Showroom	10	50.0	20.0	30.0
Electronics Specialty Store	8	75.0	62.5	12.5
Video Specialty Store	3	100.0	100.0	0.0
General Merchandise Store	3	100.0	0.0	100.0
Computer Store	2	100.0	100.0	0.0
Total	650	61.1%	20.8%	40.3%

We Have Something Every Video Game Player Will Want. And We're Going To Give It To You. Free.

Data Age understands video games. We know they mean total involvement in a world of fast action and tingling suspense. And we wanted to find a way to bring that excitement to customers before they actually bought our games. Here's how we did it.



We're Playing It By Ear. We've put our video games on record. That's right. We asked a well-known science and science-fiction writer

to collaborate with one of Hollywood's most respected sound producers to bring each of our games to life, using dramatic dialogue and great sound effects. Now your customers can experience the thrill of Data Age... Video Games in a way that no picture or set of printed words could hope to do. It's the closest and cleverest thing to actually playing a video game that the best people in the entertainment business could devise. And Data Age distributors are giving these records away so that you can turn right around and give them away to your customers.

The only place the Data Age record will be available is in retail stores. It will be up



to you to meet the demand. And you can expect a demand—because once customers hear our video games they'll be back to you, more than once.

And Now Hear This. We'll be supporting our record and games with some exciting promotions, aimed at teenagers, your prime customer for video games. We'll be advertising on the teenagers' favorite medium: radio. We plan to saturate the best of contemporary music stations around the country, telling every major market about Data Age... Video Games. We'll promote the free record with local DJs—and they'll send their listeners right to your store.

Just call your Data Age distributor. He'll have our records in boxes of fifty that unfold into counter-top displays that say "Free!" All you have to do is set the records out—and watch them disappear.

Listen, Then Look. You'll also want to hear more about the Data Age distributor's local marketing program. We're offering 100% paid co-op advertising.



A poster that's a knock-out. And best of all, an earful of other ideas that will help you set up a local campaign to tell teenagers that the video game action is at your store.

Data Age isn't afraid to do things a little differently. After all, if a company can put a video game on an audio disk, you know they've got some other good ideas. But don't just listen to us, or to our record. Take a look at our action games. There's action in the packaging, which tells a story and challenges a player's skill and concentration. And action over the counter, once the word gets around. And around.

Call your Data Age distributor for details on our free record offer. Our co-op advertising deal. Our local marketing plans. Our radio push. Or call Data Age directly—we'd be glad to hear from you.



THERE'S A LOT MORE TO OUR BUSINESS THAN FUN AND GAMES.

62 South San Tomas Aquino Road, Campbell CA 95008 (408) 370-9100

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PERSONAL ELECTRONICS/RETAIL OPINION FILE

Retailers look to computer vendors for help

(Continued from page 16)

growth is bound to be rapid.

For example, 48.8 percent of the dealers who are selling personal computers entered in the business within six months of the day they answered the questionnaire. Another 16.5 percent had been selling computers for from seven months to a year.

Are they happy? When asked whether they expected to expand the category in 1982-83, a whopping 88.2 percent said yes.

Many need guidance

It is obvious, however, that many of these retailers who will be rushing into the computer market in the next few years are going to need a lot of help. For this, they are going to look to the manufacturers and distributors for everything from sales training to p-o-p displays to guidance as to what to stock.

Training the salesmen is going to be of utmost importance. Of these

dealers who say they plan to carry home computers in the future, 88.2 percent say they will have trained salesmen on hand. This compares with 68.4 percent of the present-day computer vendors that offer trained sales help. And of them, only 53.8 percent said they had had training aid from their suppliers.

An executive with an audio/hifi store that stocks one brand of computers noted that he had received no help in training his sales force. A Kansas City-based retailer, having entered the business in May, complained that his salespeople "don't know enough about computers to sell them properly."

"I find that the sales reps aren't knowledgeable enough about the products, to the point where they can explain them to my sales force," said an electronics/jewelry retail executive from Virginia. "If my salespeople cannot be professional on the floor, it will be difficult to sell to the public."

Retailers who carry personal computers:

Do you now carry personal computers? (Based on 650 replies)

	Number of replies	Percent of response
Yes	135	20.8%
No	515	79.2%
Total	650	100.0%

What was your total volume in personal computers for each of the following categories in 1981? What change (percent) do you expect in 1982?

	Average dollar sales in '81 per respondent	Hardware	Peripherals	Software
Expected change in '82	\$316,610. + 79.6%	\$558,412. + 78.7%	\$119,517. + 106.3%	
Number of replies	42	35	39	
Total				

What is your best selling retail price for personal computers? (Based on 128 replies)

	Number of replies	Percent of response
Under \$250	4	3.1%
\$250 - \$299	41	32.0%
\$300 - \$399	28	21.9%
\$400 - \$799	20	15.6%
\$800 - \$1,499	14	11.0%
\$1,500 - \$2,499	10	7.8%
\$2,500 - \$2,999	7	5.5%
\$3,000 or more	4	3.1%
Total	128	100.0%

Average (mean) best selling retail price: \$833.75
Average (median) best selling retail price: \$328.40

Which of the following brands of personal computers do you stock? (Based on 135 replies)

	Number of replies	Percent of response
Commodore	88	65.2%
Atari	73	54.1%
Apple	24	17.8%
*Texas Instruments	14	10.4%
Timex Sinclair	9	6.7%
*Zenith	3	2.2%
*NEC	3	2.2%
*Hewlett Packard	2	1.5%
*Altos	2	1.5%
*Sharp	2	1.5%
*Bally	2	1.5%
**Others	9	6.7%

*Not on questionnaire.

**Nine others mentioned one time each.

***Adds to more than 100% due to multiple replies.

The dealers also asked for better ways to demonstrate a system's capabilities and a larger source of ideas they could offer their customers on how to use the computers once they get them home.

Another source of confusion centered around how much space was necessary to launch a successful computer department.

Some 30 percent, the largest segment, of the retailers planning to enter the market said they thought

they would have to allot from 200 to 499 sq. ft. of floor space to computers. Yet the largest group of dealers already selling computers, 26.7 percent, said they devote only 25 to 99 sq. ft. of space to the category.

Asked about software, 52.3 percent of the retailers who said they do plan to offer computers indicated they plan to stock programming as well. Yet they showed a willingness to carry only a limited number of titles. For example, 27.9 percent said they plan to offer nine or even fewer.

There was also some confusion about retail price ranges, with those

How long have you been selling personal computers? (Based on 133 replies)

	Number of replies	Percent of response
6 months or less	85	63.8%
7 to 12 months	22	16.5%
13 to 18 months	10	7.5%
19 to 24 months	10	7.5%
25 to 30 months	9	6.8%
31 to 36 months	7	5.3%
37 to 48 months	7	5.3%
More than 48 months	3	2.3%
Total	133	100.0%

In your average store, approximately how many square feet of space do you allot to personal computers? (Based on 131 replies)

	Number of replies	Percent of response
Under 25 sq. ft.	29	22.1%
25-99 sq. ft.	35	26.7%
100 - 199 sq. ft.	21	16.0%
200 - 499 sq. ft.	25	19.1%
500 - 999 sq. ft.	13	9.9%
1,000 - or more sq. ft.	8	6.2%
Total	131	100.0%

Average size of area allotted to personal computers

250.7 sq. ft.

Which of the following are the three most popular peripherals? (Based on 106 replies)

	First	Second	Third	In Top 3
Cassette player	(51) 48.1%	(13) 12.3%	(6) 5.7%	66.1%
Floppy disk drive	(22) 20.7%	(17) 16.0%	(26) 24.5%	61.2%
Expanded memory modules	(14) 13.2%	(29) 27.4%	(18) 17.0%	57.6%
Printer	(13) 12.3%	(22) 20.7%	(25) 23.5%	56.5%
CRT	(6) 5.7%	(11) 10.4%	(4) 3.8%	19.9%
Telephone modem	(0) 0.0%	(4) 3.8%	(14) 13.2%	17.0%
Not indicated	—	(10) 9.4%	(13) 12.3%	—
Total	(106) 100.0%	(106) 100.0%	(106) 100.0%	—

Are you using trained salespeople to sell personal computers? (Based on 133 replies)

	Number of replies	Percent of response
Yes	91	68.4%
No	42	31.6%
Total	133	100.0%

If you are using trained salespeople, does the manufacturer help train them? (Based on 91 replies)

	Number of replies	Percent of response
Yes	49	53.8%
No	42	46.2%
Total	91	100.0%

Do you plan to expand your personal computer merchandise in 1982-83? (Based on 135 replies)

	Number of replies	Percent of response
Yes	119	88.2%
No	10	7.4%
Undecided	6	4.4%
Total	135	100.0%

not yet involved in the industry showing that they perceive them to be higher than they really are.

About 23.9 percent of the "plan to carry" group figured their best-selling retail price for computers without peripherals would fall between \$300 and \$499.

Meanwhile, 32 percent of those who already carry computers said

the hottest price point actually ranges from \$250 to \$299.

Retailers planning to get into the market said they expected to stock Atari, Commodore, Apple, Mattel and Timex Sinclair computers first (in that order), followed by a variety of other brands.

Those already selling computers stock Commodore, Atari, Apple, Tex-

as Instruments and Timex Sinclair most often (in that order), again, followed by a number of other brands.

(Editor's note:

It should be noted that Mattel is not yet manufacturing a home computer other than the basic Intellivision videogame. However, the recent news that the firm is considering adding an expanded module to upgrade the unit to a home computer along with speculation that a separate computer system might be introduced at a later date, could be reasons why 41 dealers said they would like to carry a Mattel model.)

Cassette players top list

Would-be computer dealers reported that the top three peripherals they would consider carrying are printers, floppy disk drives and then expanded memory modules. However, the most popular peripherals, said merchants who carry them, are cassette players,

floppy disk drives and expanded memory modules, in that order. Cassette players ranked number five on the prospective dealers' lists.

Obviously, the excitement of the retailers who plan to get involved in home computers is accompanied by a good deal of confusion and a lot of questions about the product and the industry. These are questions that must be answered before the dealers can stake their claim in this booming category.

But the interest is there. Thousands of stores are getting ready to make their move into computers. The market is ready. The boom is coming.

STATISTICAL MATTER for this survey was collected and compiled by Selma Book, market research manager, and Roberta Janasz, research associate.

Retailers who plan to carry personal computers:

Are you considering stocking personal computers in the future? (Based on 515 replies)

	Number of replies	Percent of response
Yes	262	50.9%
No	253	49.1
Total	515	100.0%

If you are considering stocking personal computers in the future, how soon? (Based on 229 replies)

	Number of replies	Percent of response
Within 3 months or less	30	13.1%
Within 6 months	79	34.5
Within 1 year	177	77.3
Within 1½ years	191	83.4
Within 2 years	222	96.9

In your (average) store, how many square feet of space are you likely to allot to personal computer sales? (Based on 209 replies)

	Number of replies	Percent of response
Under 25 sq. ft.	25	12.0%
25 - 99 sq. ft.	32	15.3
100 - 199 sq. ft.	45	21.5
200 - 499 sq. ft.	61	29.2
500 - 999 sq. ft.	38	18.2
1,000 or more sq. ft.	8	3.8
Total	209	100.0%

Average number of square feet to be allotted to personal computer sales per respondent 255.2 sq. ft.

How many different personal computers are you likely to carry? (Based on 194 replies)

	Number of replies	Percent of response
One	50	25.8%
Two	76	39.1
Three	50	25.8
Four	13	6.7
More than four	5	2.6
Total	194	100.0%

Average number of different computers respondents are likely to carry 2.3

Which of the following brands of personal computers will you stock at first? (Based on 218 replies)

	Number of replies	Percent of response
Atari	120	55.0%
Commodore	91	41.7
Apple	80	36.7
Mattel	41	18.8
Timex Sinclair	25	11.5
*Zenith	20	9.2
*Texas Instruments	10	4.6
*NEC	6	2.8
*Panasonic	4	1.8
*IBM	3	1.4
*Hewlett Packard	2	0.9
*Quasar	2	0.9
*Sony	2	0.9
**Others	10	4.6

*Not on questionnaire.

**Ten others mentioned one time each.

***Adds to more than 100% due to multiple replies

Which of the following peripherals would you be interested in carrying? (Based on 193 replies)

	Number of replies	Percent of response
Printer	162	83.9%
Floppy disk drive	131	67.9
Expanded memory modules	130	67.4
CRT	125	64.8
Cassette player	125	64.8
Telephone modem	98	50.8

*Adds to more than 100% due to multiple replies.

Will you stock software? (Based on 130 replies)

	Number of replies	Percent of response
Yes	68	52.3%
No	62	47.7
Total	130	100.0%

If you do plan to stock software, how many different titles will you carry? (Based on 68 replies)

	Number of replies	Percent of response
1 - 9 titles	19	27.9%
10 - 19 titles	17	25.0
20 - 29 titles	17	25.0
30 - 50 titles	7	10.3
More than 50 titles	8	11.8
Total	68	100.0%

Average number of titles 27.4

Do you plan to have trained salespeople selling personal computers? (Based on 246 replies)

	Number of replies	Percent of response
Yes	217	88.2%
No	29	11.8
Total	246	100.0%

PERSONAL ELECTRONICS

Telephone vendors step up ad plans to meet AT&T surge

By William Silverman, contrib. ed.

CLARK, NJ—Telephone manufacturers will be stepping up their consumer advertising programs in the next few months, which could help soothe a sore spot with many retailers who believe they have been forced to handle most of the promotional efforts on their own.

Some suppliers have geared up already and have accelerated ad schedules on line for the Christmas selling season. Others, however, are choosing to wait for the first of the

year and the telephone rate unbundling.

Most agree that the industry as a whole will get a shot in the arm as AT&T itself begins to spend heavily next year to promote phone ownership. Some suppliers figure that at that point, their own advertising will start reaching consumers who are much more receptive to owning their own phones.

Industry is growing

In the past several years, telephone

RETAILERS CAN EXPECT phone suppliers to increase ad spending by the first of the year, when AT&T itself begins to promote phone ownership.



"A phone that automatically redials a busy number? GEE!"

(No. GTE)

GTE

sales have grown by 30 to 40 percent annually. Between six and eight million pieces have been sold, asserted ITT product manager Samuel Gabow.

Now, with the divestiture, consumer awareness of the phone ownership issue will reach a new level, he predicted, adding, "It's up for grabs."

"Next year, AT&T will spend money to try and get consumers to buy their phones," said Jon Witt, general manager, GTE Subscriber Equipment Corp. "Then it will make sense to advertise. The consumer will be willing to pay attention."

GTE now spends most of its ad money on trade magazines, but that emphasis will soon shift towards selling the consumer.

Some suppliers have already aimed more promotional funds at the consumers. Webcor, for example, has budgeted six times last year's figure to support branded—particularly ZIP—telephones, said vice president Larry Reichenstein. Fourth-quarter ads are slated for Playboy, People and Cosmopolitan.

Reichenstein also welcomes Bell's coming ad programs. "They will make people more aware," he said. "When Bell starts telling people they can own their own phones, people will listen. I look at that as a positive step for the industry because the consumers will compare prices, and buy from a retail phone dealer."

Ad budgets increase

Cordless phones in particular have been backed by some heavy ad muscle in the recent past, and those budgets are still on the upswing.

Phone Mate, for one, plans to spend upwards of \$1.5 million in the fourth quarter, largely on spot television and print advertising aimed at affluent males. Vice president Bob Petkun said vehicles will include Money and The Wall Street Journal.

Freedom Phone supplier, Electra Co., has "very heavy consumer print of all kinds" slated for fall, said marketing services manager Richard Murphy. News, shelter and hobby magazine ads will promote an 800 dealer referral number. The number is also promoted on the Paul Harvey radio show, which can bring in more than 6,000 names per week prior to Christmas.

After the first of the year, Cobra division of Dynascan will launch "an extensive consumer schedule of print and broadcast advertising," said marketing director Neil Bloomfield. "It will present a completely new and refreshing look, different from any advertising to date," he added.

Unlike some other suppliers, Code-A-Phone intends to continue to stress the general advantages of phone ownership, said Peter Grant, vice president of marketing. However, the firm's \$39, \$49 and \$79 memory units will also be promoted. News magazines, Playboy, airline magazines and others will be used.

"When the tide comes in, all boats are lifted," Grant commented. "I think it's going to be a long haul, but the public will gradually become educated to owning their own phones. Advertising will help to speed that process."

Uniden Extend-A-Phone is spending more than \$5 million on network TV and magazine advertising this year, and that sum will be "substantially higher" in 1983, said vice president of marketing Roy Mulhall. The firm has made its mark with its

(Continued on page 69)



THE WIZARD AND THE KEYBOARD WILL WORK WIZARDRY IN THE MARKETPLACE.

The Wizard of Odyssey is Odyssey²'s new spokesman. He's the video game authority—fun to watch, persuasive, easy to listen to—and virtually guaranteed to cut through the competitive video game clutter. You'll be seeing him everywhere—on TV, in magazines, at the point of sale and in special promotions across the country.

Each ad and commercial in which the Wizard appears will end with Odyssey²'s theme line, which sums up our competitive advantage—THE KEYBOARD

IS THE KEY TO GREATER CHALLENGE.
The Wizard will introduce America to The Voice.

Odyssey²'s innovative new module. It's the only voice module that actually repeats any word the player types into the keyboard. And though it has its own special series of cartridges, the system can still play all regular Odyssey² games.

The Wizard will also tell families about the super-challenging Master Strategy Series, available only from Odyssey², with its intriguing strategy game boards.

So watch for the Wizard. You'll be delighted at the effect his keyboard has on your cash register.



ODYSSEY²
The keyboard is the key to greater challenge.

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A NORTH AMERICAN PHILIPS COMPANY

MERCHANDISING

As price points decline, high-end calculator and low-end computer markets could merge

(Continued from page 14)

stores will pick up a larger share," he summed up.

Hewlett Packard also markets a line of hand-held computers and calculators.

With the price of hand-held computers falling, a blurring of the high-end calculator and low-end computer market will occur, said Casio president John McDonald. At present, a hand-held computer from Casio with 1,525 programming steps costs \$99 retail; adding a printer brings that to \$180. A cassette interface on top of that comes to \$230, he estimated. And prices are still expected to drop.

McDonald also cited figures that the total computer business would reach \$40 billion a year by 1990.

Texas Instruments, presently marketing its 99/4a computer for \$199 after the rebate, could not be reached and Timex, offering the Sinclair 1000 for \$99 retail, could not be reached for comment at press time.

Phones reach all retailers

The vast array of style and price in telephone equipment will expand all current channels of distribution, and a few new ones. Drug stores and supermarkets will play a greater role in telephone merchandising in the next five years. And the extent that Ma Bell goes after the business in this same period, could change vendors' forecasts drastically.

In unit sales, mass merchants are doing the bulk of the business with phones as low as \$19.99 retail. "But specialty dealers are doing just as well with \$129 phones, and are making good margins," said Larry Reichenstein, vice president, Webcor Electronics.

Jon Witt, general manager, GTE, pointed out that catalog stores like J.C. Penney's "have always done well. Historically, the telephone has been a gift item. With the expansion of distribution, it has become more of a self purchase because of the outlets it reaches," he explained.

The bulk of the business three years ago was with telephone and electronics specialty stores. Gradual acceptance of phone ownership by the public has helped pave the way for more channels of distribution. Said Neil Bloomfield, marketing manager, Cobra, consumers are now looking for standard and cordless phones in stores where they frequently shop such as catalog showrooms.

"Specialty stores, on the other hand, will increase their share because of the service they offer. They can stock a better choice of brands and styles and provide more hands-on displays than mass merchandisers. The latter can sell for a better price, but lack trained sales help and have to be more concerned with pilferage."

Bloomfield put retail telephone market share for 1981 at roughly 30 percent for Bell's own stores, 21 percent for Radio Shack, 13 percent for discounters, 10 percent for telephone specialty and eight percent for catalog showrooms. The remainder includes department stores and catalog retailers (the Sears-Penney type).

Robert Petkun, vice president, marketing and sales, Phone-Mate, asserted that by the end of the first quarter of 1982, Radio Shack's share

of market had dropped to 30 percent, from 50 percent in 1981. Discounters took 20 percent of the business, while general electronics stores (audio, video, specialty) registered 15 percent. Department stores, independent phone stores, and mail order companies registered 10 percent each and local phone companies totalled five percent.

"Phone share of market is gravitating toward department stores and away from Radio Shack and discount stores," Petkun observed. Discounters sell a few without really promoting, he said, but dealers running single product ads are getting the best results.

With cordless phones, the multiple product ad is not yet working because the product is still in its infancy. Less than 300,000 phones have been sold to date, Petkun went on. In 1981, 200,000 were sold. In the first half, 112,000 were sold. Penetration of the cordless market is about 0.5 percent, Petkun reminded, and price is not yet an issue—wherever sold.

Looking at next year, drug stores will become a factor for the first time in selling phones. GTE's Witt said the company is entering supermarkets with blister-carded models.

Over the next 18 months, better than one out of every two phone answerers sold will go to consumers, rather than to the business community. The largest single factor, most conceded, was the entrance of feature-loaded units under \$100 retail.

Ma Bell may affect trends

Telephone equipment distribution will expand over the next year, but the possible influence of Ma Bell may affect just how successful some dealers are.

"Consumers don't know where to buy a cordless phone, because most retailers haven't established themselves as phone dealers yet. If Ma Bell decides to go after the cordless phone business in a big way this year, it will affect distribution patterns," commented Phone-Mate's Petkun.

Five years from now, vendors agreed, "home communications centers" will begin to replace all of the separate components. Webcor, as early as next year, might begin producing such units for about \$129 retail.

"In five years, we'll see growth in all of the traditional retail categories," Cobra's Bloomfield forecasted. There are now 2.5 phones in every



\$40 BILLION in annual sales is where the computer business will be by 1990, predicts Casio president John McDonald.

home. This number should exceed three phones per home in two or three years, and the cordless will also become popular over the next decade for its features.

Petkun estimated that telephone sales will register between three and five million units a year in the 1980s. "It is a multiple purchase, where the user can have one central station and four handsets, as an example," he said. "Pricing will affect how fast the market grows."

'Gut feeling' decides game buys; sales up 1,000%

By Richard Marini, contrib. ed.

KNOXVILLE, TN—If the success of Atari's Pac-Man game cartridge taught Miller's department store here anything, it's not to go overboard with any new video product, regardless of the initial response.

Only two days after receiving the popular maze game, Miller's had sold all 120 units ordered. Had store management been as bullish on the game as they might have been, a 2,000- to 3,000-unit reorder would have followed, according to Fred Mershad, vice president and general merchandise manager.

Instead, Miller's ordered two more shipments of only 360 games each. A smart move considering several months later the last of these cartridges were still in the store.

"That's not to say Pac-Man hasn't been successful," Mershad told *Merchandising*. "It's been our best-selling game ever. It's just that by the time our second orders arrived, all the supply pipelines were filled and the incredible demand just wasn't there anymore." Miller's also has seen a concurrent decline of sales in its boutique of Pac-Man related items such as mugs, T-shirts and key chains.

"We saw the same kind of demand when Odyssey introduced its K.C. Munchkin game," Mershad said. "That was before Atari had brought out Pac-Man and we sold every K.C. Munchkin cartridge we could lay our hands on—800 in December alone."

Pac-Man continues to sell well at Miller's—virtually everyone who buys the Atari hardware also picks up a Pac-Man cartridge—but Mershad said he doesn't expect this success to be repeated soon. "I don't think we'll see this kind of demand for any new video product again, hardware or software," he said.

Despite this leveling off in Pac-Man

sales, overall video products remain one of Miller's most important categories. Currently, six of 11 Miller's stores carry game departments and since the first of the year, videogames have accounted for upwards of \$100,000 in sales, better than a 1,000 percent increase over year-ago figures, according to Bill Wells, divisional merchandise manager.

Miller's first carried videogames in 1976 and until recently only carried Odyssey products. Later came Mattel Intellivision, which the store only displays in the fall and, since April, Atari. Miller's has no plans to take on any new hardware suppliers, at least not in the near future. Before the

IN TWO DAYS, 120 units of Pac-Man were sold at Miller's, Knoxville, TN. But the mania was shortlived.

store will do so, the product will have to prove itself in the marketplace.

"We won't be the first in this area to break a product," said Wells. "There's always the possibility of supply problems. And then the profit on hardware is so low we carry it almost as a service to our customers."

Software, traditionally the retailer's bread and butter, has been selling extremely well at Miller's. The store should average six pieces of software for every piece of hardware sold this year, according to a "conservative estimate" made by Wells. This is up from a 3½ to 1 ratio before Miller's carried Atari. Wells credits the Atari name for much of this increase. He added the store is aiming for the 10 to 1 ratio enjoyed by other Allied stores, of which Miller's is one.

"The name of the game in video sales is bringing the customer into the store," explained Al Pochmar, vice president, sales promotion. "We get a better sales ratio now that we carry Atari because there are so many more Atari games available."

Currently, Miller's carries or plans to carry 24 Odyssey software cartridges, 16 made by Atari and six for Intellivision, five each from Activision and Imagic. The store will also carry three games each from Coleco and Parker Brothers when they become available.

Mershad said decisions on which games to buy are made by gut feelings. "You buy what you think will sell," he explained. Duds and games that have dropped in sales are swapped with the manufacturer when possible. Although Miller's doesn't discount on a day-to-day basis, the store runs scheduled promotions to keep up with area discounters such as K mart and Target.

"We'll usually have cartridges at the same price as most of our

(Continued on page 27)

PERSONAL ELECTRONICS/NEW RELEASES IN VIDEOGAME SOFTWARE

ACTION

AMIDAR, Parker Brothers. Atari VCS-compatible. Available in November. Suggested retail \$25 to \$30.

APE ESCAPE, Spectravision. Atari VCS-compatible. Available in fourth quarter.

CAVE IN, Spectravision. Atari VCS-compatible. Available in fourth quarter.

CROSS FORCE, Spectravision. Atari VCS-compatible. Available now. Suggested retail \$29.95.

FIREBALL, Arcadia. Atari VCS-compatible (with Supercharger). Available now. Suggested retail about \$15.

INFILTRATE, Games By Apollo. Atari VCS-compatible. Available now. Suggested retail \$31.95.

KYPHUS, Games by Apollo. Atari VCS-compatible. Available now. Suggested retail \$31.95.

MANGIA, Spectravision. Atari VCS-compatible. Available now. Suggested retail \$29.95.

MASTER BUILDER, Spectravision. Atari VCS-compatible. Available in fourth quarter.

MEGAFORCE, Fox Video Games. Atari VCS-compatible. Available in November. Suggested retail \$34.95.

PITFALL, Activision. Mattel Intellivision-compatible. Available in November.

POMPEII, Games By Apollo. Atari VCS-compatible. Available now. Suggested retail \$31.95.

SPIDERMAN, Parker Brothers. Atari VCS-compatible. Available in November. Suggested retail \$25 to \$30.

STAMPEDE, Activision. Mattel Intellivision-compatible. Available in November.

SUICIDE MISSION, Arcadia. Atari VCS-compatible (with Supercharger). Available now. Suggested retail about \$15.

SQUEEZE BOX, U.S. Games. Atari VCS-compatible. Available now. Suggested retail about \$29.95.

SQUOOSH, Games By Apollo. Atari VCS-compatible. Available now. Suggested retail \$31.95.

TRON MAZE-A-TRON, Mattel. Intellivision-compatible. Available in November. Suggested retail about \$30.

TURMOIL, Fox Video Games. Atari VCS-compatible. Available in November. Suggested retail \$34.95.

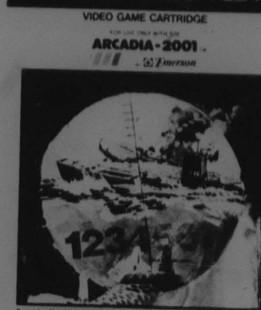
WABBIT, Games By Apollo. Atari VCS-compatible. Available now. Suggested retail \$31.95.

ARCADE

FUNKY FISH, Emerson. Arcadia 2001-compatible. Available in November. Suggested retail \$39.95.

OCEAN BATTLE, Emerson. Arcadia

OCEAN BATTLE



2001-compatible. Available this month. Suggested retail \$29.95.

SPACE

ALIEN, Fox Video Games. Atari VCS-compatible. Available in November. Suggested retail \$34.95.

CHALLENGE OF NEXAR, Spectravision. Atari VCS-compatible. Available now. Suggested retail \$29.95.

GUARDIAN, Games By Apollo. Atari VCS-compatible. Available now. Suggested retail \$31.95.

SPORTS

INTERNATIONAL SOCCER, Mattel M Network. Atari VCS-compatible. Available now. Suggested retail about \$25.

REAL SPORTS VOLLEYBALL, Atari. Atari VCS-compatible. Available now. Suggested retail \$26.95.

STRATEGY

DARK CAVERN, Mattel M Network. Atari VCS-compatible. Available now. Suggested retail about \$39.

FINAL APPROACH, Games By Apollo. Atari VCS-compatible. Available now. Suggested retail \$31.95.

LABYRINTH, Arcadia. Atari VCS-compatible (with Supercharger). A-

available now. Suggested retail about \$15.

NUMBERS CRUNCH, Spectravision. Atari VCS-compatible. Available in fourth quarter.

REAGANOMICS, Spectravision. Atari VCS-compatible. Available in fourth quarter.

U.S.C.F. CHESS, Mattel. Intellivision-compatible. Available in December. Suggested retail about \$60.

VOICE

TRON SOLAR SAILOR, Mattel. Intellivision-compatible. Available in December. Suggested retail about \$36.

TIMEX
We make technology beautiful...
and profitable.

PERSONAL ELECTRONICS

Radio Shack aims computer seminars at businesswomen

By Debbie Rosenblum, field editor

CHICAGO—As long as the computer industry's merchandising efforts are directed toward men only, women will continue to comprise only 10 percent of the market. That's the premise behind one Radio Shack Computer Center's recent strategy to bolster sales among women, particularly those in management positions.

Recognizing that women in business is a valuable and barely tapped market segment, the downtown Chicago store conducted, from mid-May through July, a series of seminars tailored to turn these potential customers into actual buyers.

Before and during the 2½-month period, marketing representative Patricia Simms contacted the members of four professional women's organizations—Women in Communications, Inc., National Association of Women Business Owners, Home Economists in Business and Women's Electrical Roundtable.

All were invited to attend any of the seminars held every weekday at 10 a.m., noon, 2 p.m. and 4 p.m. In addition, Simms set up meetings specifically for individual groups.

At present, her campaign looked like it had not been in vain. "I've got some very good prospects," she told *Merchandising*.

Women resist computers

Simms decided to go after the women's market after reading an article in a computer magazine in which the head of a women's association said she was against computers.

"She claimed computerization is causing women to do more menial work," the marketing rep explained. "That bothered me because the whole concept of the electronic office is that everyone is freed from doing repetitive tasks and can spend their time more productively."

"So I got a hold of some directories of women's professional organizations and started calling the members and setting up the seminars," she continued. "I found these women are hungry for information about computers. They are very willing to acquire the knowledge that will make them intelligent users. They also realize that computers are not just the future, but the present—and they want to be a part of it."

Although the businesswoman is Simms' target, she noted that no one was excluded from the program. "Anybody who's interested in computers is welcome to come to the seminars whether she's in management or not," she said.

"But I have to be realistic about the use of my time. I cannot devote 2½ months to a campaign that is not going to yield a single sale. I had to choose women who are in a position where they need a computer at work or at home and have the funds to buy. Many of the women whom I've contacted do part or all of their work at home," Simms explained.

Sessions differ

The sessions were conducted differently depending on the number of attendees. "If only two or three people showed up for a seminar, then we split them up amongst the reps and they got our undivided attention," Simms pointed out.

During the one-on-one meetings, the reps queried the attendees about

what functions they would like a computer to perform. Then they explained the capabilities of Radio Shack's systems and the benefits realized. They showed how to operate the computer and gave a personal demonstration. The chain's service and leasing policies were also discussed.

"When four or more people showed up, we took them upstairs to our classroom where we showed a videotape, described our multi-purpose work station and answered questions," Simms reported.

As many as 20 women attended a single seminar. At the end of each one, a kit containing Simms' business card and several brochures on the products and services was distributed.

"If they cared enough about computers to take the time out from their day to come here, they weren't just curious," she contended. "These women didn't have that kind of time. More than likely, they were interested in buying and they'll probably be making their purchase within the next six months. And I'm going to do my best to make sure they buy from me!"

In an effort to garner additional sales, Simms also organized meetings where she spoke to members of an individual group.

"In the case of NAWBO (National Association of Women Business Owners), for example, I held a special seminar," she said. "The members came here to our classroom for two hours for a hands-on demonstration of four of our most popular software packages."

Adults, not kids, buy and play sports videogames

(Continued from page 21)

competitors, unless they're running a sale," explained Wells.

Interestingly, Miller's carries Mattel's Intellivision game only during the pre-holiday fall months. Mershad said he feels that with a suggested list of \$299, the game will not sell well at any other time of the year.

"We've found that it's not kids who buy or play sports videogames, it's adults," said Mershad. "Most kids would rather be outside playing baseball than sitting in front of a television playing a video version of the game."

He added that although television has been a "great tool" in getting videogames accepted by the public, games spotlighted in commercials usually experience sales increases all out of proportion to the exposure. "When George Plimpton says Mattel's football, baseball and basketball games are the best, we sell Mattel's football, baseball and basketball. And nothing else."

Miller's displays its videogames in the store with cameras, a category that has turned soft during the past several months. Videogames and other electronics, it is hoped, will help bolster camera sales. And because camera salespeople are more technically inclined, they're better able to explain the intricacies of videogames to customers, according to Mershad. The store regularly sends its salespeople to Odyssey's nearby headquarters to learn about videogames firsthand.

In-store video displays usually consist of manufacturer-supplied fix-



"WOMEN ARE HUNGRY for information about computers," says Patricia Simms, marketing rep for Radio Shack. As many as 20 women attended a single seminar in the series offered by the store.

"In June, I put an announcement in the Women in Communications (WICI) newsletter and I sent out no more than 150 invitations," Simms recalled. "The response rate was wonderful. I got more responses from WICI than any other group—26 women signed up and 16 actually showed. If you get a one percent response to a mailing, that's considered phenomenal. So I was extremely pleased when I got 11 percent."

Simms added, "From that one seminar, I received several invitations to give demonstrations and to speak at other meetings. It's these kinds of programs that help me get in touch

with people with whom I might not have gotten in touch otherwise. And when I meet people who are receptive, then I know I'm working on something that's worth pursuing," she explained.

After July, Simms continued to contact women's professional organizations, but on a secondary basis. It was, at that point, time to move on to another segment of her primary market.

Prior to the businesswomen's program, she concentrated on advertising agencies. In August, she moved to talent agencies. Said Simms, "I've set up my marketing plan for the whole year."

tours on which customers can play the games to their heart's content. When *Merchandising* visited a Miller's department store on the outskirts of Knoxville, a small crowd of people were taking turns playing both Atari and Odyssey games while at the same time possibly becoming future videogame owners.

During the upcoming holiday season, Miller's stores located in shopping malls will have video outpost displays near store entrances to lure customers inside.

Video problems persist

Despite the success they've had selling videogames, Wells, Mershad and Pochmara still have complaints and suggestions.

"I'd like to see more games aimed at the young adult market," said Mershad. "Odyssey has begun in that direction with its Master Strategy Series, particularly Quest for the Rings. But the game manufacturers can still do a lot more in this area," he added.

The game cartridges manufacturers include with their hardware also came under fire as being inappropriate. "Intellivision includes poker and blackjack," said Wells. "These aren't the kinds of games kids want to play. If that's what manufacturers are going to do, they might as well not put cartridges with the hardware."

As for some of the most recent technological advances in videogames, no one at Miller's expressed much enthusiasm for Odyssey's The Voice speech and sound effects module. Although the addition is an

intrinsic part of many of Odyssey's educational games, Pochmara pointed out that, thus far, few new adventure games have been developed to make use of it.

"We'd like to see a development which would allow up to four people to play the games simultaneously," said Mershad. "They can do so much with the electronic chips that this shouldn't be too hard."

Technical quality poor

Mershad, Pochmara and Wells all agreed the technical quality of most videogames has so far been very disappointing, resulting in fuzzy, unsophisticated graphics, difficult-to-use joysticks and an (alarmingly) increasing defect rate. As consumers become more comfortable with videogames—and, for that matter, home computers—they'll also become more demanding and less forgiving. Pity the poor manufacturer who doesn't pay heed to the rumbles, whatever its market share is today, they said.

What's to become of videogames? Miller's sees nothing but good things. "Next year is bound to be bigger than '82," said Pochmara. "And the last I heard, market penetration of videogames was currently only nine percent, so there's still a lot of room to grow."

Opinion File: Computers begins on page 16

NEWSLINES

PERSONAL ELECTRONICS

123QS

Computer price war mounts as discounts, rebates surface

SUNNYVALE, CA—"Atari announces discount fares to the computer age," ran the ad in major newspapers last month. The price drop on the Atari 400 was only one move in a com-

puter price war that indeed resembled airline fare wars. Through Dec. 31, Atari will grant computer consumers \$10 for each purchase of up to six ancillary products.

Meanwhile, Texas Instruments is rebating TI 99/4a consumers through Jan. 31. The \$100 offer drops the cost to purchasers of the unit to under \$200 in some stores.

The other major force in home computers, Commodore, has dropped the VIC 20's wholesale price by \$40. Most retailers now sell the computer for under \$200, and Commodore will change its "under-\$300" advertising approach, said prod-

uct marketing manager Mike Tomczyk.

Computer wins chess match against expert at U.S. Open

MIAMI, FL—A Fidelity Electronics computer chess game, Prestige Challenger, scored a "stunning" victory recently in the second round of the U.S. Open Chess Championship in St. Paul, MN. For the first time, a microprocessor beat an "expert," Fidelity said. The human opponent was a Candidate Master with a 2046 rating.

The Open is an annual Grand Prix national tournament sponsored by the United States

Chess Federation. Some of the country's best players attend.

"This is a milestone not only for Fidelity, but for microcomputer chess as well," said Sidney Samole, president of Fidelity Electronics. "The Prestige has shown how far we've progressed with commercially available electronic chess games."

Electra will supply AT&T with cordless telephone unit

CUMBERLAND, IN—Electra Co. has agreed to supply AT&T with a cordless phone similar to the FF4000, and initial production and deliveries have begun. Marketed under the name Nomad 1000, the unit operates full duplex entirely in the 49 MHz range, which frees the system from most common electrical interference and offers increased voice clarity, Electra said.

The FF4000 has been sold at retail for around \$299, and a



Electra supplies AT&T with cordless phone

comparable price from Bell and the new regional phone companies is possible. The degree of competition for retailers depends on the size and scope of the phone companies' promotional efforts, commented Electra Co. manager of marketing services Richard Murphy.

Cavalier heads Atari group; Fink leaves Commodore post

MANAGEMENT MOVES: John Cavalier has been named president of the Home Computer Div. of Atari, Inc.

Alan Fink has resigned as president of the consumer products division of Commodore Business Machines. Assuming his duties will be Ron Glatz, vice president of consumer sales, and David Harris, national accounts sales manager.

Kenneth Bradley has joined Best Products as director of computer operations... TDK Electronics Corp. has appointed Frank Kramer to the position of national computer products manager... Michael Kavanagh has been promoted to northeastern regional sales manager for consumer calculators by the Calculator Div. of Toshiba America... TT Systems Corp., manufacturer of telephone accessory equipment and security devices, has appointed Max Palmer national marketing manager.

FOR \$100 RETAIL, OUR NEW POWER PACK WILL RUN LONGER THAN MOST PEOPLE CAN HOLD A CAMERA.

Does it make sense to sell a man a 4-hour cassette and then send him out with a 1-hour VCR battery?

We didn't think so. That's why we came up with the new Again & Again rechargeable 5-hour power pack. It provides 5 hours continuous running time for VCR camera and recorder. And at \$99.95 suggested retail, it could be one of the most important items in your store.

Especially when you consider that a man who just paid \$2000 for video equipment would gladly drop another hundred to keep from having to carry an armload of batteries around with him. Because one of these will do the work of five of those.

Ask your Again & Again representative about the new 5-hour power pack or our standard 3-hour power pack, or call the Saft Consumer Products Division at 612/645-8531 for more information. Your customers may never have to carry spare batteries again.

But they may need a spare cameraman.



again
& again

PP129OC
5-Hour Power Pack
\$99.95 Sugg. Retail

PP126OC
3-Hour Power Pack
\$69.95 Sugg. Retail

PRODUCTS

Fanonphone sports 40-memory feature

MISSION HILLS, CA—Model FP-140S from Fanon-Courier features a 40-memory capacity, last-number redial, muting function, selectable pulse or tone dialing and line power.

The suggested retail price, including wall holster, is \$79.95. Also available is Fanonphone FP-110P, similar to the FP-140S, but with pulse operation, 10-number memory and



Fanonphone model FP-140S

on/off ringer control, at \$49.95 suggested retail.

A third memory phone is the FP-101P, with pulse operation, last-number redial, 10-digit memory and on/off ringer control, at \$39.95 suggested retail.

Fanon-Courier Corp., 15300 San Fernando Mission Blvd., M, Mission Hills, CA 91345.

Electronic drums are phone book size

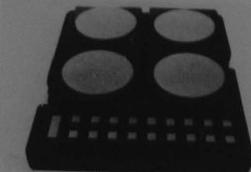
HAWTHORNE, CA—Mattel Electronics marches into the electronic music scene to the sound of Synsonics Drums. The electronic drum set, aided by a sophisticated microcomputer, was developed for both teens and electronic music enthusiasts of all ages.

Synsonics combines a full set of drums, snare, two tom-toms, a cymbal and a bass in a portable unit that's no bigger than a telephone book.

It produces drum rhythms at the touch of a button. Three programmable memories allow the drummer to compose, record, and play back more than 4,000 different drum patterns. The pitch control for one tom-tom can be tuned over a five-octave range. In the record mode, drum patterns can be layered indefinitely, and the three 16-beat memories can be played back individually or blended in sequence.

Synsonics Drums can also be played with drumsticks (not included) or by hitting the pressure-sensitive pads with the hands.

Mattel Electronics, 5150 Rosecrans Ave., M, Hawthorne, CA 90250.



Mattel Synsonics Drums

GET FAT ON TELESYS VIDEO GAMES.



Stock Telesys' great new video game cartridges and you'll gain a lot of weight—on the profit side of your ledger. Because Telesys games are simply more fun and there's nothing else like them.

The flying pizzas, hamburgers and shakes in **Fast Food** will give Pac Man a bellyache. **Coco Nuts'** outstanding graphics and nutty characters will keep everyone laughing. And watch for another whacky new Telesys game, **Cosmic Creeps**, coming soon. It's a space game from a different universe.

Along with these great games, Telesys will deliver customers—with a national T.V. and print advertising campaign—attention-grabbing packaging, and full point-of-purchase support. We'll also provide fast service and competitive pricing.

02M

For all the profit making details, shoot us this coupon or, for even faster service, call Telesys direct at 415/651-2970.

Telesys
FUN IN GAMES.

43334 Bryant Street, Fremont, CA 94539

Name	Company
Address	Phone
City	State Zip

Atari and Video Computer System are trademarks of Atari, Inc. Tele-Games and Video Arcade are trademarks of Sears, Roebuck and Company.

PERSONAL ELECTRONICS/PRODUCT PICTURE

Thorn EMI introduces game software for Atari, Commodore home computers

NEW YORK—Thorn EMI Video Programming Enterprises has introduced 19 home computer games for the Atari 400/800 and two for the Commodore VIC 20. Fifteen of the



Thorn EMI software

Atari-compatible programs have a \$29.95 suggested retail, including titles such as Darts, Snooker and Billiards and Pool. Priced at \$44.95 are Soccer and Kickback, Submarine Commander and Jumbo Jet Pilot each have a \$44.95 suggested retail. Priced at \$39.95, the Commodore-compatible software includes River Rescue and VIC Music Composer.

All programs will be available this winter, and are detailed in a full-color brochure.

Thorn EMI Video Programming Enterprises, 1370 Ave. of the Americas, M, New York, NY 10019.



HP-75C portable computer

Portable computer accepts BASIC

PALO ALTO, CA—A portable computer from Hewlett Packard (HP) features capabilities of larger, more

expensive computers, including BASIC language programming power, interfacing and software, HP said.

The HP-75C portable computer measures only 10 in. by five in. by 1 1/4 in., weighs 26 ozs., runs on batteries and retains programs and data when turned off. This portability is designed to let the HP-75C provide desktop-computer solutions anywhere and anytime, the company claimed.

Key features of the new portable computer include 169 instructions, including 147 BASIC commands, statements and functions, and other functions including time and appointments in a 48K-byte ROM-based operating system.

It also sports a built-in Hewlett Packard Interface Loop (HP-IL) for communicating with instruments, peripherals and other computers.

There is software for specific applications such as engineering, math and statistics, and general solutions such as electronic spreadsheets and graphics presentations. The unit also features a completely redefinable keyboard for customizing the HP-75C for specific applications.

The HP-75C's CPU is a CMOS version (for low battery drain) of the eight-bit custom processor in Hewlett Packard's Series 80 personal computers. The processor ensures desktop computer speed and 12-digit accuracy with its binary-coded decimal-arithmetic calculations, HP said.

The company added that it is committed to the emerging portable market. The HP-75C is the first of its Series 70 portable computers. In addition, full-range of software will be augmented by third-party suppliers. Available now to authorized HP personal computer dealers, the HP-75C has a suggested base price of \$995.

Hewlett Packard Personal Computer Group, 1000 N.E. Circle Dr., M, Corvallis, OR 97330.

OUR \$2 INSTANT REPAY MEANS INSTANT CUSTOMERS.

Starting in October, we'll be giving your customers \$2 back for buying and trying Fuji VHS and Beta videocassettes. And even better, \$8 back if they buy our handy three-pack.

It's the biggest rebate we've ever offered. But we figure it's a small price to pay. You'll be happy because sales will go up automatically. You just have to stock-up on our videocassettes, display our traffic-building P.O.P. materials, and count your profits.

Your customers will be happy, too. Especially when they discover the high quality of reproduction on

Fuji videotape. We're sure they'll be back for more. (And that will make all of us awfully glad.)

Get in touch with your Fuji Salesperson for all the details. He'll take your order and fast forward counter cards, "Instant Repay" coupons, window streamers, ad slicks—everything you need to close the sale. Of course, we'll be backing you up on our end with high impact ads in newspapers across the country. With Fuji's Instant Repay,

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Redemption requests must be postmarked no later than February 28, 1983. Offer void where taxed or prohibited by law.



Computer tables have steel supports

LAMAR, MO—Constructed with heavy-gauge steel support rails, O'Sullivan's modular computer systems work center (left) provides stability and durability. Its top shelf and side panels are finished in Bartonwood vinyl laminates. Model CT721 measures 27 in. high by 26 1/2 in. deep and 47 1/2 in. wide. The suggested retail is \$149.95.

Also accented with Bartonwood and dark brown vinyl laminates, a modular printer stand (right) accommo-



O'Sullivan computer furniture

dates most large printers. Model CT722 has 18-gauge steel support rails. It stands 27 in. high, 16 1/2 in. deep and 25 5/8 in. wide. The suggested retail is \$149.95.

A 90-degree corner adapter, model CT723, is 22 in. deep and 44 1/4 in. wide. The suggested retail is \$44.95.

O'Sullivan Industries, Inc., 19th & Gulf Streets, M, Lamar, MO 64759.

It's Bold. It's Wild. It'll be here for the New Year.

It's Activision's

**WILD
WILDLIFE!**

BY AIR

Arcade-quality battle action and strategy come to the home screen, with River Raid.[™] Your mission: destroy enemy bridges and fuel dumps along a narrow, heavily fortified river canyon. You're the pilot of a jet cruiser, boldly navigating through an ever-changing landscape, fighting off wave after deadly wave of enemy planes, ships and choppers. If you fly up the wrong channel an empty fuel tank could leave you permanently grounded. River Raid.[™] A desperate battle for survival on the river of no return. Available immediately after Christmas.



Carol Shaw, designer

BY LAND

It starts with a single egg...and before you know it, swarms of spiders hatch all over the screen, turning your peaceful orchard into a war zone. It's Spider Fighter,[™] a new video game from Activision. Attackers are trying to steal your fruit, so use your remote control bug blaster to get 'em fast, before they get you. But you'd better be quick, tricky and incredibly persistent, because the more you shoot, the more come at you. Sparkling graphics and physically demanding play make Spider Fighter[™] a sure winner. Available in January.



Larry Miller, designer

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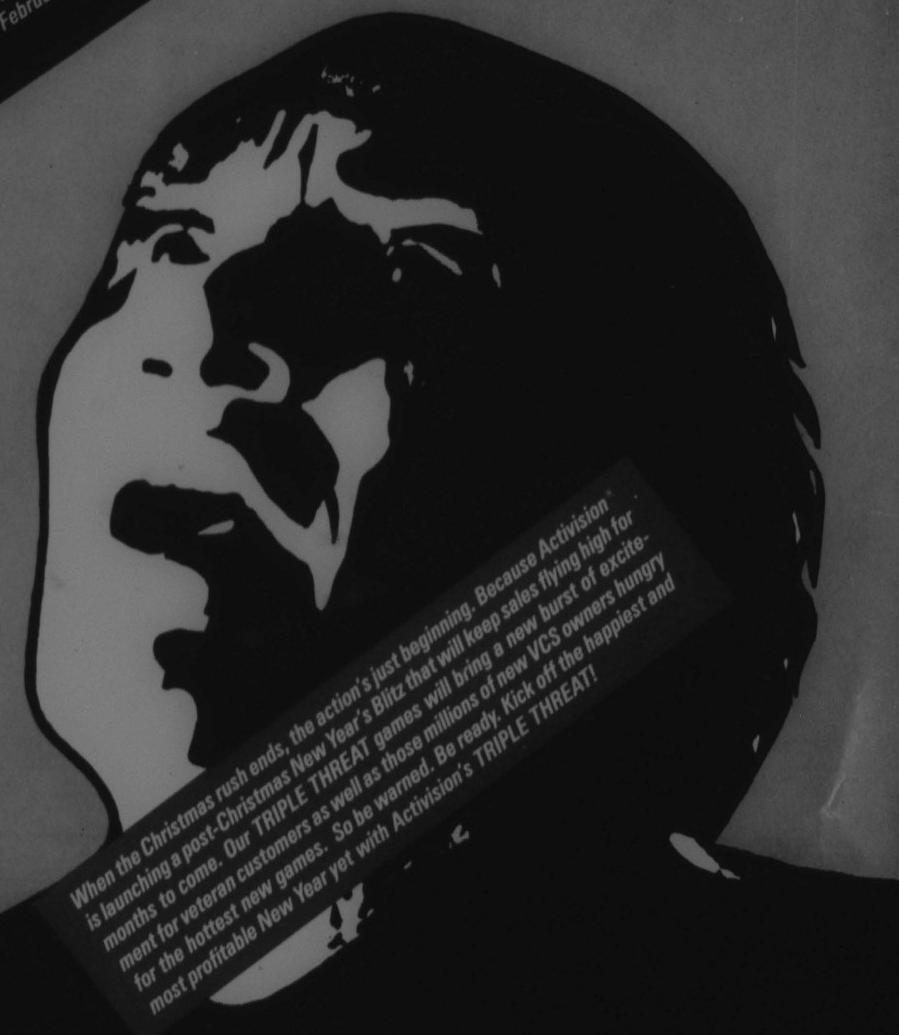
BY SEA

Video game excitement reaches a new depth with *Seaquest*,TM an epic undersea adventure. Your command submarine dives deep to rescue divers returning with captured treasure. But watch out! A fleet of trigger-happy enemy subs, and schools of ship-crunching sharks, will do everything they can to stop you. Just when you've got them where you want them, an alarm sounds...you're running out of oxygen! Speed to the surface to resupply—and hope an enemy destroyer isn't lying in wait. *Seaquest*TM will be available in February.

ACMOSBOW
SEAQUEST
VIDEO GAME CARTRIDGE

FOR USE WITH THE
ATARI[®] VIDEO COMPUTER SYSTEM

Steve Cartwright, designer



When the Christmas rush ends, the action's just beginning. Because Activision[®] is launching a post-Christmas New Year's Blitz that will keep sales flying high for months to come. Our TRIPLE THREAT games will bring a new burst of excitement for veteran customers as well as those millions of new VCS owners hungry for the hottest new games. So be warned. Be ready. Kick off the happiest and most profitable New Year yet with Activision's TRIPLE THREAT!

ACTIVISION[®]



Bill Desiena

Some changes must be made marketing computer software

The decision by Commodore Business Machines last month to provide 656 educational computer programs "to the public domain" may signal an industry trend in software marketing.

The most immediate impact should be felt in additional hardware sales to school systems. But it also means that Commodore's dealers can provide another incentive to hardware buyers who want to take a personal computer home.

Most dealers have hailed the Commodore move, and urged the industry as a whole to alter its marketing strategy for the consumer area. Arguments continue that while software margins average around 40 percent, few best sellers and a high rate of obsolescence make it tough to turn a profit.

Unlike the business community, consumers will base their decision to buy a personal computer on the price of the software it uses. All

these reasons, merchants said, point to a need for lower software prices and a more liberal flow of programming into the home market.

Dealers pay just \$250

Full-line Commodore computer dealers in the U.S. can get the looseleaf book-packaged floppy disk set for a one-time cost of \$250. The educational disks fit the 64 and PET Series personal computers, with the former starting at \$595 suggested retail. Dealers can copy the sets as they wish and distribute them free or for the production cost to schools or anyone else interested.

Retailers reacted favorably to the Commodore plan. And why not? Rather than posing a threat to the profitability of software in general by being given away as an incentive, the plan might help satiate the increasing consumer demand for selection and boisterous margins on other popular software programming.

The coming year will bring a larger number of buyers in search of more sophisticated software. Until now, novice users have been buying games, children's educational and some instructional programming packages. But everyday users' interests are starting to diversify, and requests for presently unavailable software in this market (word processing, for example) will be common.

Some retailers fear that expanded title demand, without manufacturer foresight, will create more headaches than benefits. For one thing, the commitment to software inventory can be too costly for some merchants to endure.

A representative case in point is a Texas-based specialty chain that stocks 200 titles. About 10 of those have an acceptable turn rate, and the rest hardly turn at all. But the solution is not to cut selection, the owner said. On the contrary, as many titles as are available should be displayed on shelves, like books and records.

Because titles are quickly outdated by other titles at this stage, and the rate of turns is so poor for most, manufacturers must turn out new programs as fast as they can. They should also give lengthy terms and offer return privileges. This suggestion was echoed by a few dealers. Except for start-up costs, such a policy is possible because of the almost non-existent cost of making the disks.

Software prices must come down, dealers also urged. While the price of software is of less concern to the business purchaser, it may affect the actions of the individual buyer. As the price of low-end personal computers could dip below the \$500 mark as early as next year, program prices should logically follow suit.

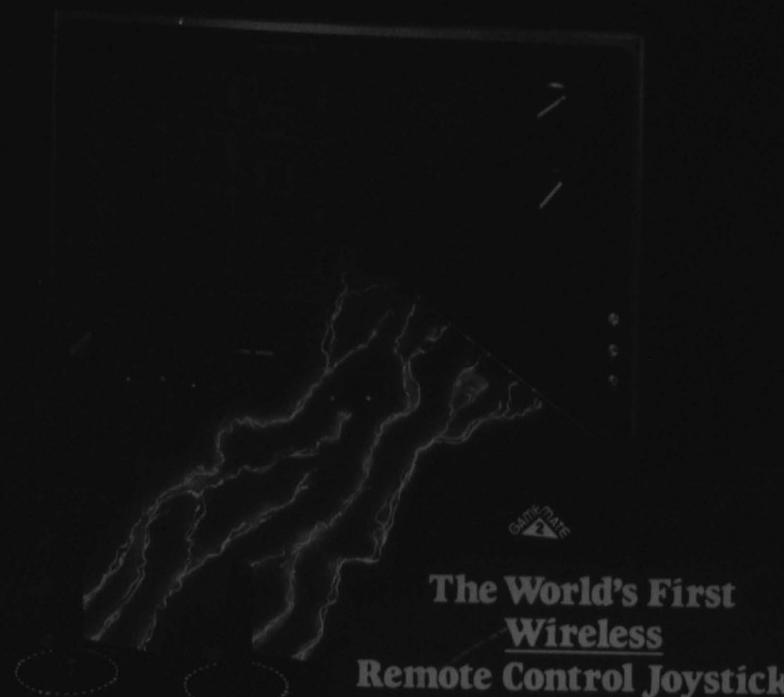
The question remains: Can the manufacturers be as protective of personal computer software prices with the consumer market as they have been with business?

Perhaps, as merchants have urged in the past, the advent of the personal computer into the home market should affect current software price policies.

How about programs for \$7.95 and \$8.95 instead of \$25 and \$35? This would curb much of the duplicating going on at home, one New York electronics dealer predicted. It would certainly help spur step-up sales on the consumer level.

No More Wires.

Introducing GAME-MATE 2™



The World's First Wireless Remote Control Joysticks

For Atari®, Sears® and
Commodore® VIC-20

Video Games and
Home Computers



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Sit back, way back and enjoy a new dimension in home video games! With the new Game Mate 2™ from Cyanex. With Game Mate™ you can enjoy the exciting action of your Atari® VCS, Sears® Tele-Game or Commodore® VIC-20 game systems... up to 20 wireless feet away!

The Game Mate 2™ is a precision made, reliable, easy to install unit which offers the same sharp graphics and sound effects as the standard joysticks, but eliminates using those bothersome unwieldy cables.



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MERCHANDISING

LETTERS TO THE EDITOR



Sept. videogame supplement is called 'most informative'...

Dear Editor:

I want to convey my extreme appreciation on behalf of Gimbel's Pittsburgh for being part of the recent videogame supplement in the September issue of *Merchandising*.

The 24-page section was one of the most informative articles I have read. The cross section of manufacturers', retailers' and consumers' feedback gave an excellent insight into this area of the business. I'm sure that the article will provide vital information to the retailer on the fastest-growing category of consumer electronics, videogames.

I would like to see more of this type

of major article exposure. Maybe a followup to the videogame article after the first of the year? With the computer being a focus of retailers, possibly a look at the computer/videogame age.

Keep up the good work.

Sincerely,

Ted Sveda
Divisional Vice President
Gimbel's
Pittsburgh, PA

EDITOR'S RESPONSE: *Merchandising*'s second in-depth look at the videogame industry will appear in the February issue. It will include a study of the computer/videogame connection.

...one of the better pieces...

Dear Editor:

Just a note to let you know I enjoyed the section Anne Krueger did on videogames in *Merchandising*. It was one of the better pieces I've seen on the industry.

Again, congratulations and thanks for the mentions.

Sincerely,
Dennis Koble
Vice President, Software
Imagic
Los Gatos, CA

...something to be proud of...

Dear Editor:

Thanks to Anne Krueger's obviously in-depth endeavors on her recent excursion through the Silicon Valley, *Merchandising*'s September special report on videogames is certainly something to be proud of.

I appreciate the positive editorial that resulted from our meeting. We are rapidly becoming a closely watched entity in the videogame industry, and will continue to give our competition something to watch out for.

Sincerely,
Robert E. Rice
Vice President, Marketing
Data Age
Saratoga, CA

...and, in general, excellent.

Dear Editor:

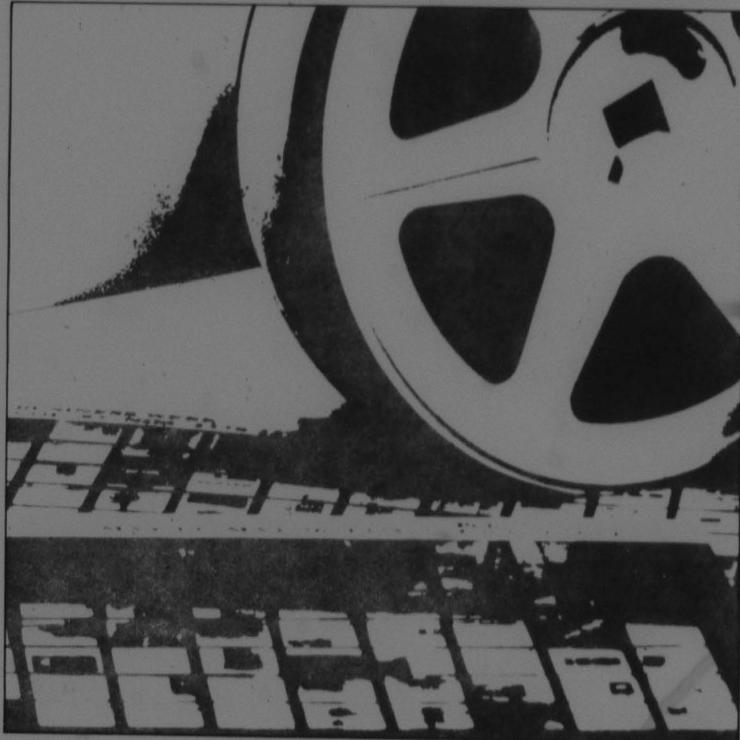
I'd like to thank Anne Krueger for including me and our stores in the September videogame section. Your issue, in general, is excellent.

Sincerely,
Joel Gilgoff
G.A.M.E.S.
Van Nuys, CA

Your letters invited

Merchandising invites reader response, questions and comments. Please send correspondence to: *Merchandising*, 1515 Broadway, New York, NY 10036. Letters may be edited for publication because of space requirements.

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PRODUCT PICTURE

Philco nine-in. color TV set operates on three sources

KNOXVILLE, TN—A new selection of video products is being marketed by Philco. The line includes a nine-in. color set, a 40-in. projection TV, two 25-in. color consoles, a leader VCR and a front-loading VCR.

The compact portable color TV (C1930QGY) operates from three power sources including AC, car cord and an optional battery pack. The set, which lists for \$380, offers electronic tuning with an on-screen tuning bar that corresponds to a tuning scale located at the bottom of the screen mask. It also includes a sunscreen, an earphone, VHF/UHF antennas, a three-in. speaker and a built-in handle.

The 40-in. rear projection TV (C8099QK) has 17-button infrared remote with quick view, mute and 112-channel capability, as well as a built-in stereo amp and speaker system. The set carries a suggested list price of \$2,800.

Two 25-in. color consoles, both with open list prices, are also available. The first, model C4815QP, is housed in a traditional compact cabinet and

the other, model C4829QP, has Mediterranean styling.

The leader model VCR (V1001) features soft-touch electronic controls, cue and review, frame-by-frame advance and a wired remote with pause. The suggested list is open. The midline model (V1333) is a front-loading unit with a five-function remote. The suggested list price is open. The midline model (V1333) is a front-loading unit with a five-function remote. The suggested list price is



Philco nine-in. TV

N.A.P. Consumer Electronics Corp.
—Philco, Int. 40 and Straw Plains
Pike, P.O. Box 6950, M, Knoxville,
TN 37914.

Proton monitor offers 370 lines of resolution

SANTA MONICA, CA—Proton Corp. has entered the video market with a 19-in. color monitor and a tuner/preamplifier.

The 600M monitor features 370 lines of resolution; overscan is five percent and geometric distortion averages one percent.

The 600T tuner/preamplifier offers 105-channel tuning capability, IF circuitry for video and audio signals to eliminate sync interference and in-



SAFT rechargeable batteries

minimum of three hours. The unit weighs six lbs. and recharges in 16 to 24 hours, up to 200 times.

The nine ampere-power pack, mod-



Proton 19-in. monitor

puts for four sources. The tuner can be operated by an infrared remote.

Although the components will be available separately, the suggested list price for the entire system is expected to be \$995.

Proton Corp., Pacific Tower Plaza, 1431 Ocean Ave., Suite B, M, Santa Monica, CA 90401.

Sanyo's Beta VCR sports \$499 price tag

COMPTON, CA—A Beta VCR with three-day programmability has been introduced by Sanyo at a \$499 suggested list price.

The VCR4000 also features Betascan high speed search, recording in Beta II and Beta III, automatic fine tuning and instant freeze frame. The unit also offers soft-touch tape transport controls, three-motor tape drive mechanism and a wired remote with pause control. The VCR weighs 17.6 lbs.



Sanyo VCR

Sanyo Electric Inc., 1200 W. Artesia Blvd., M, Compton, CA 90220.

Two rechargeable powerpacks debut

ST. PAUL, MN—Two 12-volt rechargeable power packs called Again and Again are being marketed by SAFT America.

A six ampere-hour unit, model PP1260C, lists for under \$70 and will operate a VCR and camera for a

el PP1290C, carries a suggested list price of \$99 and operates a VCR and camera for a minimum of five hours. The unit also features a low battery detector light, full charge indicator light and overcharge protection. The power pack recharges in 16 to 24 hours, also up to 200 times.

Both models come with a shoulder strap. An attachable carrying pouch is available for model PP1290C.

SAFT America, 931 Vandalia St., M, St. Paul, MN 55114.

Allsop Beta cleaner uses wet system

BELLINGHAM, WA—A second generation cleaner for Beta VCR's is now available from Allsop.

The GEN II for Beta, model 6600, features the non-abrasive wet cleaning system. According to the company, the material of the cleaning ribbon and the cleaning solution removes oxides and other foreign particles from the video and audio heads, the capstan and the pinch roller. In addition, Allsop said the ribbon can be used for about 30



Allsop Beta cleaner

cleanings before it should be replaced by a new cartridge.

The suggested retail price for the cleaner is \$29.95.

Allsop Inc., P.O. Box 23, M, Bell-
ingham, WA 98227.

Power belts work for up to 12 hours

PORT ORANGE, FL—VDO-PAK has introduced its line of 12-volt power belts. Available in power capacities ranging from six to 17 amps, the belts provide between four and 12 hours of continuous operation on a portable VCR and between 25 and 100 minutes of operation on a 100-watt, 12-volt portable light.

The power belts are constructed of lightweight weather-resistant DuPont Cordura nylon. A black nylon buckle has a quick-lock design for hook-up

and quick release.

Each belt also has a float charger so it can be left on charge when it is not powering the equipment. When a full charge is reached, the charger goes on standby, drawing only small



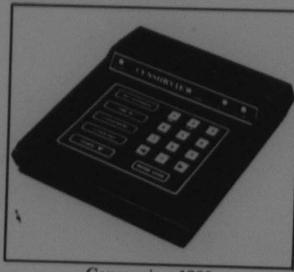
VDO-PAK power belt

Censorview blocks out TV reception plus the use of videogames and VCR's

COSTA MESA, CA—An electronic device allows parents to control what their children watch on television. Marketed by Censorview, the unit, the Censorview 1200, blocks commercial, pay and cable programs, as well as the use of videogames and VCR's.

One unit controls all the TV's in a home and a security light comes on if the model is unplugged or the programming keys are touched. The Censorview 1200 can be programmed by day, time and channel for up to one week in advance. The instructions are displayed on the television screen during entry, to insure accuracy of input.

The device, which is 6 1/2 in. by 7 3/4 in. by two in., is installed by attaching the TV's antenna lead to the unit and connecting the supplied coaxial cable to the antenna terminal.



The suggested list price of the Censorview 1200 is \$199.95.

Censorview Ltd., 3303 Harbor Blvd., Suite D-14, M, Costa Mesa, CA 92626.

Trendings in Video appears on page 6

amounts of house current. The belt can be recharged completely in 12 hours.

The suggested retail prices of the belts range from \$169.95 to \$299.95.

VDO-PAK Products, Div. of Stanley-Jackson Corp., P.O. Box 767, 164 Howes St., M, Port Orange, FL 32109.

Programmable remote changes antenna spots

MURPHYSBORO, IL—A programmable remote control unit designed to position TVRO dish antennas for reception has been introduced by Mars Electronic Engineering.

Model Mars 501 satellite selector can automatically select any of 12 programmed satellite positions or can manually move the antenna from inside the house. The selector features elephant memory—never forgetting a position even after power is cut off, a selector switch which permits changing of satellites as well as channels, a fine tuning control and a full one-year warranty.

The suggested list price of the Mars 501 is \$450.

Mars Electronic Engineering, 1008 North 7th St., M, Murphysboro, IL 62966.

Merchandising

PERSONAL ELECTRONICS

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Dealers consider selling adult videogames, but wonder how to promote such software

By Bill DeSiena, associate editor

NEW YORK—"What? A manufacturer has come up with a videogame cartridge that's not for sale to minors?"

That was the reaction several dealers gave *Merchandising* when asked about a Northridge, CA-based supplier's introduction of adult videogames last month.

Of the six retailers questioned, four had heard rumors that the games were being produced. Of those four, one had placed an order, two were considering it and the remaining retailer said he would decline because of his store's family image.

The most common problem, according to buyers, would be finding a way of promoting the games—without offending a measurable portion of their customers.

At a press conference last month in New York, the Mystique division of American Multiple Industries (AMI) unveiled three games—Bachelor Party, Custer's Revenge and Beat 'Em and Eat 'Em—along with a retail co-op advertising campaign. Stuart Kesten, president, said that between 500,000 and 750,000 cartridges would be shipped by Christmas.

Three games ready

American Multiple Industries, a home entertainment product manufacturer, started the Mystique division



CAUSING CONTROVERSY, adult-themed videogame cartridges sparked demonstrations when they were introduced in New York last month.

sion in January. The three adult-oriented games are the company's first introductions.

The games will be packaged as "Mystique Presents Swedish Erotica." Swedish Erotica, a name previously associated with X-rated videocassettes, has been licensed to AMI from Caballero Control Corp. The suggested retail of each game is \$49.95, although Kesten said he expects dealers will sell them at

about a \$39.95 price point.

Game play of the adult-themed cartridges is apt to spark controversy among retailers and consumer groups. In Custer's Revenge, for example, an unclad General Custer is given a chance to assault an Indian woman tied to a post. But first he must dodge arrows flying over his head and cacti that pop up in front of him. Every time he assaults the woman, additional points are scored and the play gets more challenging.

The National Organization for Women, Women Against Pornography and the American Indian Community House (AICH) demonstrated their opposition to the games at a march last month in New York. Michael Bush, executive director of the AICH, said legal action could be taken against Mystique for the use of an Indian woman in Custer's Revenge.

Retailers' reactions were mixed. Linda Rosser, owner, Entertainment Systems, Phoenix, ordered six introductory pieces direct from Mystique. "I was amazed at how expensive each cartridge is. Each cost me \$33, and has a suggested retail price of \$49.95," she said.

Rosser thinks the adult games will be "cute" novelty items, "and will bring new people into the videogame market that would have otherwise avoided the purchase."

"People are already calling and asking 'do you have X-rated videogames yet?' Where did they find out? They're not even on the market," she said.

(Continued on page 41)



UP TO 750,000 adult cartridges from Mystique, a division of American Multiple Industries, could be shipped by year-end, says president Stuart Kesten.

Customers will grab phones that can offer more functions

By Bill DeSiena, associate editor

TORRANCE, CA—Long before telephone product sales at retail reach the \$2 billion mark predicted for 1990, dealers will be selling "home communications centers" as customers look to replace the "dumb," single-function phones in use today.

These compact, microprocessor-driven, centralized units will be able to monitor home security functions and appliance operations. Voice synthesis and the ability to interface with computers will let users shop and bank at home.

Phone suppliers assert that such advanced products will be available at mid-range price points by 1985. Some fear, however, that they could appear too fast, and only confuse consumers before they come to understand their benefits.

Nevertheless, consumers are obviously interested in the new generation of phones. Dollar sales of cordless models this year will exceed those of corded units, one supplier noted. Most say that this category will have strong growth potential over the next few years.

'82 sales hit \$300 million

"Telephone product sales should be about \$2 billion a year at retail by 1990," forecasted Bob Petkun, vice president of marketing and sales, Phone-Mate. "By contrast, in 1982, the industry should realize \$300 million in sales."

Two phone products will be hot over the next decade, he continued. "The cordless phone has already

started to climb in sales. Over 200,000 pieces should be sold this year."

The other hot product is what Petkun termed the "home control/telephone appliance..."

"It's a category that doesn't really exist yet, but phones are going to get smarter and do more things," he explained. "The old 'dumb' corded models will gradually become a smaller portion of the market."

By 1985, these home control/telephone appliances will generate \$150 million in retail sales. By 1990, that figure will jump to about \$500 million, Petkun predicted.

Tomorrow's phones will be driven by microprocessor chips and models could be shown as early as 1983, said Roy Mulhall, vice president of marketing, Uniden Extend-A-Phone.

"The first such product will actually hit the market in 1984 or '85. Voice synthesis, expanded memory and interfacing capabilities will be possible then," he went on. "And I'm talking about product in the middle of the bell-shaped price curve too."

Within the next five years, four categories of phone product will evolve, according to Morton David, chairman of the board of Mura.

The first will include relatively conventional phones with features like last-number redial and 10-number memory. They will become tonnage items for dealers, available through all classes of distribution.

However, he said, a "significant" percentage of phones in the home will fall into the second category, cord-

(Continued on page 41)

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PERSONAL ELECTRONICS

Video dealer ranks highest in September videogame quiz

NEW YORK—Here are the answers to the videogame quiz which appeared in the September issue of *Merchandising*. Before listing the solutions, the staff would like to thank all of those readers who responded.

Congratulations go out to Robert Kurek, owner, Robert Kurek's Variety Video, Niles, IL, for the highest correct score of 87 percent. For the top half of the runners-up, your "videogame expert" certificate, framing-ready, will be mailed shortly.

Due to space limitations in October,

we held the answers over until now. And for those who wrote in and told us that there was no correct answer in number 2 (the real answer was \$100,000), we thank you for the correction, and regret the goof! The answers are as follows:

MULTIPLE CHOICE

1. The winged, bat-like creatures in Demon Attack, from Imagic, come from (b) Krybor.
2. Each player begins Odyssey's Great Wall Street Fortune Hunt with

the sum of \$100,000.

3. The first name that was given to the company founded by Nolan Bushnell was (a) Syzygy.

4. The hit song Pac-Man Fever features the singing of (a) Buckner & Garcia.

5. Players of Space Battle, from Intellivision, begin with (b) three squadrons of three ships.

6. (c) Three rows of aliens attack in Galactic Invasion, from Astrocade.

7. In Stampede, from Activision, the game ends when (b) three cows have gotten behind the cowboy, unless the user has earned bonus cows.

8. Players of Missile Command, from Atari, defend (d) six cities, with 30 ABM's.

9. Pick-Ax Pete, from Odyssey,

can be found in (d) the Misty Mountain mine.

10. In Games by Apollo's Spacechase, an earth ship is attacked by enemy raiders armed with (c) neutron missiles and heat-seeking projectiles.

11. The Activision designer of Starmaster is (d) Alan Miller.

12. The movie Tron finds Flynn (Jeff Bridges) seeking evidence against: (b) Encom.

13. The gangster who drops bombs in Spectravision's Gangster Alley is (a) Nitro Ed.

14. Aliens are trying to kidnap defenseless humanoids from the city. The name of this Atari game is (c) Defender.

15. The Tigervision game in which a player pilots a leaky boat up a river is called (a) River Patrol.

16. The most popular arcade game of all time is (a) Pac-Man.

17. The Imagic game in which a player tries to repopulate Atlantis is (c) Cosmic Ark.

18. Coleco has made Donkey Kong available for (d) ColecoVision, Intellivision and the Atari VCS.

19. (b) Six purple pickles cause a burp in Telesys' Fast Foods game.

20. Both (a) a wave is an assault force that has a distinct beginning and end and (b) a round may feature several waves are correct. The right answer was (c) both of the above.

21. Upon reaching the thirteenth wave of Atari's Missile Command, a player lets all his cities get blown up, and moves his joystick to the far right. The designer's initials that appear on the far right of the screen are (a) R.F.

22. In Data Age's Airlock, the player has (a) 10 increments per level to get from one level of the submarine to another before he drowns.

23. Before he is home at last, the final danger Parker Brothers' Frogger has to watch out for is (d) alligators.

24. (d) Fifty food items must whiz by the mouth in Telesys' Fast Foods before the words "You're getting fatter" appear on the screen.

25. The names of the arcade Pac-Man monsters are Shadow, Speedy, Bashful and (c) Pokey.

26. In the Incredible Wizard from Astrocade, when a player reaches the tenth level of the dungeon, (d) the player becomes a "Worlord."

27. Players of Cosmic Swarm from CommaVid should destroy the space termites by (d) all of the above.

28. Included with the Astrocade console are (d) all of the above.

29. There's a cactus obstruction in the center of the course, and bullets are unable to pass through it. The game is (a) Outlaw, from Atari.

TRUE OR FALSE

30. True.
31. True.
32. Arcade Pac-Man monsters do not speed up as they round corners.
33. True.
34. The top row of the wall in Atari's Canyon Bomber is not 36 bricks wide.
35. Random Access Memory (RAM) is not equal to serial access.
36. True.
37. True.
38. The Intellivision hand controller keypad does not have 10 buttons.
39. True.
40. True.

Releases in Game Software
appear on page 43

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Multi-feature phone systems will be next big market trend

(Continued from page 37)

less. "The market will segment into long-range products for rural and suburban areas and short-range models for apartment dwellers." Multiple handset units will be marketed for business applications.

David's third group is made up of telephones and data link systems, where voice communications will transfer information to and from a computer, for example. Modems, telephones and a combination of the two will be sold.

The home communications center, or a complete telephone system that needs no accessories, makes up the fourth group.

"Interconnect, or multi-feature phone systems for the home will be the next big trend," asserted Webcor vice president Larry Reichenstein. Intercom and call-forwarding features, for example, could be incorporated into one home phone system as early as 1983.

Jon Witt, general manager, GTE Subscriber Equipment, also agreed that the home communications center

could be a reality within five years.

Consumer interest will be whetted by convenience features that will continually be added to phones. "We will see a lot of models where you don't have to pick up the handset to talk—a good feature when you're busy, for example, preparing food in the kitchen," pointed out Jerry Orbach, president, Universal Security Instruments.

Automatic dialing features will become more popular, as well, he noted. "The phone as a total security system is a major plus. If there is a break-in, a central monitoring station or police unit could be automatically notified."

"Or, should a refrigerator, freezer or heating system break down while you're on vacation, another party could be notified by the phone system," Orbach explained. Universal Security Instruments also markets home and auto security devices.

Anova Electronics, a subsidiary of The West Bend Co., is showing three new security products, one of which interfaces with a telephone. The \$500 electronic phone with a dual mini-



CUSTOMERS WILL REPLACE single-function phones with home communications centers, long before 1990 rolls around. Sales of the latter product could reach \$500 million in sales that year.

cassette answering machine and a 16-number automatic dialer will be shipped in January.

"Security is the key benefit derived from the system. Our telephone is a high-end piece, but it has many features," commented marketing manager Keith Virnoe. "Over the next few years, the popularity of simple handsets will diminish, while interface devices will prevail."

Phones, computers interface

Probably the most significant benefit future phones will offer will be their ability to hook up to any

computer. "The telephone will relay data to pay bills, bank and even vote. It's already possible," noted Code-A-Phone retail sales director Steve Peake.

Interfacing of telephones with computers to offer such services will be simple, Peake added. "Even though software is not interchangeable, much of the hardware available today is just the opposite."

Electronic shopping will become more popular, however, only if outside industries get involved, stated Neil Bloomfield, marketing director at Cobra.

Some executives fear that rapid advances in phone capabilities could hurt the industry. "A great deal of research and development is going on, but we don't want to move too fast and come up with a 007-type product too suddenly," stressed Uniden's Mulhall. The consumer, he warned, could become confused and hold off making a purchase. "Features must be introduced gradually."

Cordless growth will soar

Phone-Mate's Petkun estimated that cordless phones would tally \$108 million in retail sales this year, while corded models would register \$90 million. Answering machines are expected to generate \$138 million in volume, while dialers would grab \$10 million this year.

Cordless phones will be a \$320 million market in 1985, corded will have retail sales of \$120 million and telephone appliances (home communications centers) will climb to \$150 million, he said.

In 1990, cordless models will reach \$600 million in retail sales, while corded should climb slightly to \$145 million. Telephone appliances will have more than tripled, hitting \$500 million, Petkun predicted. Answerers are predicted to hit \$300 million in sales to consumers, while dialers will register \$45 million in sales.

Function and fashion are also dictating changes in phones. For example, Cobra has built a cordless unit into a clock radio, and is adding colors to its cordless line to fit into different decors, Bloomfield said.

Bell itself will be debuting a Pac-Man phone and its first cordless entry, the Nomad 1000, as it begins selling phones to customers. The \$299.95 list cordless unit is made by Electra.

"When Bell begins selling phones, something is going to happen to the consumers," Petkun noted. "Up to now, they haven't had to think about their phone much. But when the phone company starts selling that black rotary unit for \$19.95 or a colored touch model for \$49.99, consumers will start looking around for alternatives."

Rentals could be ticket to strong volume in adult games

(Continued from page 37)

went on. Rosser noted that she had not seen the games before ordering.

The biggest concern to Rosser and other dealers interviewed was how to promote the area.

"We will advertise it through our customer newsletter first, and following that period may drop an ad in. But we don't want to offend any of our customers," she added.

Entertainment Systems attracts up to \$300 a month in videogame rentals, in addition to sales. Rentals of the adult games might be the ticket to strong volume, Rosser speculated.

The store normally rents slow-moving titles for \$2 a day, and special, more popular titles for \$3.50 a day. "The adult games will be at least \$3.50 a day, if not more," she said.

"Just as there is a limited market for X-rated videocassettes, there will be a limited market for adult videogames," predicted owner Tom Curtis, Potomac Video Communications, Alexandria, VA. Curtis said he might be interested in the area, because he also carries X-rated movies.

Although Potomac Video stocks only Mattel Intellivision hardware at present, Curtis might consider picking up the Atari 5200. Initial Mystique cartridges fit only the Atari VCS.

Promote with newsletter

"With adults, videogames have the same appeal as videocassettes do. We might promote adult games as we do the movies," Curtis continued.

If an adult walks into a store and picks up a couple of X-rated movies, the salesperson usually tries the "guilt approach." Before closing the sale, the clerk attempts to persuade the customer to buy a classic film "for the kids" at the same time. "It often works with videocassettes, and it might work for adult videogames too," Curtis noted.

He agreed with Rosser that the customer newsletter would be the best way to promote the games at

first. "I would probably take them on consignment from distributors, the way I take X-rated videocassettes. Only a few of these movie titles really sell, while others don't sell at all."

The adult videogame, like other cartridges and movies at Potomac Video, would be carried on a sale basis only. Curtis argued that it is too easy to destroy a machine or cartridges. "With videogames, people can chip the cartridge's memory board, making it useless."

Like other dealers, Curtis also feared that local ordinances against pornography might include adult videogames.

Said Joseph Rosario, senior electronics buyer, Luskin's, Baltimore, "I've been approached to sell the games, but I haven't made up my mind yet. How do you promote?"

"What do you say when the older teenagers come in to buy one? 'Sorry, you can't,'" Rosario asked.

He doesn't promote X-rated video, but stocks it under the counter. In some of the chain's 24 stores, local ordinances prohibit the sale of the category. "The authorities can close the store if we sell X-rated material. I suspect this would also apply to adult videogames," the buyer remarked.

Michael Jaret, president of Appletree Stereo, Rockford, IL, expressed an interest in adult games, but only if segregated from the rest. "It's a touchy area. Like X-rated video, adult games might be a solid rental business, but we cater directly to a younger market with the latter when promoting. Separating them would be a problem."

Jaret doesn't have to worry about local ordinances against X-rated video. There aren't any.

Michael Flynn, director of consumer merchandising for the Team Central chain, Minneapolis, has also known about the games, but won't warehouse them for his franchisees. A strict policy is kept with movies; only those with a R rating or lighter

are stocked by the company.

"Adult games would fall into the X-rated class. Our stores are maintained as pleasant, fun environments where families shop," Flynn said.

Although it would be up to each franchisee whether to carry adult games, Flynn added, it was out of the question that Team Central itself would promote them.

Intended 'to make people laugh'

Deliveries will begin Nov. 1, Mystique's Kesten told *Merchandising* during a reception last month in New York. "These cartridges are intended to make adults laugh. They're not meant to offend anyone," he said.

"Retailers cannot display or promote these cartridges like they would Pac-Man. They are not intended to be promoted that way," Kesten added. Mystique is offering retailers a co-op advertising program as an incentive to move the product.

Appearing on the game packages are the words "not for sale to minors." "We're telling dealers not to sell to minors. It's not a product for children," Kesten stressed.

Toy stores have called him and asked to place an order, but they've been told by Mystique "to pass on it; it's not for their customers."

One Dallas-based toy store had not yet heard of the adult videogames. "They've got X-rated games for Atari? I couldn't carry them," said Roger Pollick, merchandise manager with Toys By Roy.

"We're strictly a toy store and attract only families. Too, we're located in the Bible Belt," he said.

Toy stores might be more interested in carrying Mystique products as early as next year though, according to Kesten. In total, 15 games are ready to be introduced, and 24 games will be out by mid-1983.

Included with the adult additions will be family-oriented games. "Not children-oriented, but family-oriented," Kesten hinted.

PERSONAL ELECTRONICS

Novice computer buyers want to shop in a store they know

By Irene Clepper, contributing editor

MINNEAPOLIS—First-time computer buyers want to deal with a store they already know. While taking the plunge into computerization, they need to feel they're dealing with a retailer they can trust.

Working on that philosophy, Dayton's, the Minneapolis-based department store chain, has made a major commitment to the home computer industry. At the same time, it is taking pains to offer its customers counseling, classes and all the information they need both before and after the sale. This includes a free 10-hour class on how to use the computer and a monthly newsletter.

Dayton's began testing the home computer category in its downtown store in April 1980. The test was so successful that the franchised department has been given a permanent position in the store's elaborate eighth floor consumer electronics department.

Offered are home computers by Apple, Atari, IBM and Osborne. Retail prices range from \$2,000 to \$5,000. Six to 10 units are displayed with a month's supply in stock. Some 2,000 software titles are available,



CUSTOMERS CAN CHOOSE from up to 2,000 software titles at Dayton's, notes Fred Larson, who runs the store's leased computer departments.

supplied by local distributors.

Although consumer awareness of home computers has "reached 30 percent, compared with one percent five years ago, people are still not familiar with the computers and their software," said Eugene Kasper, divisional manager of home services for Dayton's.

Dayton's got into the business because management felt that home

computers mesh well with the upscale audience that the stores draw. Although profits, to date, have been minimal, Kasper explained, "Our first objective is to provide customers with what they expect to find at Dayton's."

The chain first offered home computers in April 1980, testing them in a downtown Minneapolis location. Sales tripled within the year, and when the company consolidated its electronics merchandise in a special department on the eighth floor, computers were included.

Computers are sold in leased departments, managed by Fred Larson, owner of The Computer Depot, a single-store operation. His expertise gave Dayton's the credibility it needed to crack the market.

At this point, the two downtown stores and four nearby suburban stores sell computers. Downtown, they occupy 1,000 and 1,600 sq. ft. of space. In the suburbs, 400 to 700 sq. ft. are devoted to the category.

Staff at the main downtown operation consists of two people, one of them Larson. Other stores average three to four.

"We have to have people at each store who are knowledgeable and trained, and we have to keep them that way," said Larson.

"For example, when we received the IBM franchise, the staff had to go to school for two weeks. We can't just hire people and put them on the floor, so expansion is understandably rather slow."

The time a salesperson spends with a customer is longer than with most other purchases—two or three hours. Plus, there are follow-up phone calls after the sale has been made.

Customers need help

Customers, no matter how knowledgeable, need a lot of help in the initial stages of buying and using a computer, said Larson. Dayton's gives each a free 10-hour course in basic programming and application.

Computer customers also receive a monthly newsletter, advising them of new developments and software.

If any problems arise, customers can either bring the computer back to the store or have it serviced at home. "Actually, there is very little to go wrong. There aren't many moving parts," Kasper pointed out, "and the computers we carry are 'over-built,' very rugged appliances."

Dayton's offers units by Apple,

Atari and Osborne. IBM was added to its brand roster in June. "We're one of the few department stores in the country that IBM has entrusted with the marketing of its computer," Kasper noted.

As for software, "Our distributors provide us with 1,500 to 2,000 titles, and that's even less than five percent of what's available," Larson said.

While approximately one-third of the computer sales at Dayton's are for small business use, "The major difference between us and other outlets is that our customer is apt to be more home-oriented," Kasper said. "This is where we shine."

What does the average customer use his computer for? "Anything from finding out which lakes have been stocked with what kind of fish to learning how to solve Rubik's Cube," Kasper noted. "But chiefly, it's financial accounting, financial planning, word processing, data base management, general entertainment, education, home business and home budgeting."

Many families buy them for the children. Kasper observed that the Minnesota Educational Computer Consortium is the oldest in the country. He said, "Children start using computers early on, then indoctrinate their parents into all the ways they can be helpful."

When a family buys a computer, "Often it's the children who get it going," he added.

At any given time, the customers trying out the display units at Dayton's include a large number of teenagers. "If they're not serious programmers, they are at least serious users," Kasper said. "They want to see what the new programs are, or compare a computer with the one they have at home. They are certainly no problem in the department; They treat the computers very respectfully."

Computer advertising is designed to coordinate with Dayton's overall program. Sometimes the costs are co-operated between The Computer Depot and Dayton's, or with supplemental support from vendors.

What does Dayton's see for the future?

"The market, generally, is less than five percent tapped," said Larson. "With the technology doubling every two years, it makes it difficult for us to develop anything like a five-year plan. But we are convinced that sales volume will only go up."



MANY FAMILIES BUY computers for their children. At any given time, customers trying out the display units at Dayton's include a large number of teenagers, who treat the computers "very respectfully."

Manufacturers stand by policies, claim complaints were not voiced

(Continued from page 28)

already ended. That doesn't do us any good."

Barnako cited another instance of communication difficulties. This occurred last summer when the retailer was not informed of the details of Paramount's one-time-only stock balancing offer.

Fischer said CBS/Fox Video had created a dilemma for him concerning a special that reduced the price of 100 titles by 20 percent. "Unfortunately," he pointed out, "the inventory involved is not protected, and if we run the special, we lose money."

"The manufacturers believe they are doing everything they can for the dealers," Barnako declared. "They just don't realize that they aren't. We have a serious communications problem on all levels."

Skidmore agreed. "If the manufacturers would just sit down with us and listen to what we have to say, we could eliminate some of the problems," he said.

A recent face-to-face session worked wonders for Fischer. He had a meeting with Paramount Home Video, which, he said, "was superb. I would definitely like to see more of this type of interaction," he exclaimed.

Programs defended

Retailers' complaints at August's Video Software Dealers Association conference were not answered by a panel of software manufacturers. The companies continue to report that they have received little or no negative input concerning their policies, and defend them steadfastly.

MGM/UA Home Video has a program with its distributors under which a certain percentage of purchases can be exchanged. According to Saul Melnick, national sales manager, "We know that dealers and distributors sometimes have to get rid

of merchandise, but it's up to the distributor to see that the program is carried through."

Melnick reported that MGM/UA has not lowered its prices, and insisted that if it did, distributors would be given sufficient notice so inventory could be adjusted.

RCA/Columbia Home Video offers a 15 percent exchange on a per-title basis to its dealers twice a year. They must purchase the same amount of another title at the same time.

Warner offers stock balancing to its distributors, who are obligated to pass through the program to dealers, claimed Rand Bleimister, national sales manager. When informed of retail complaints, Bleimister said he had not heard of any, but asked dealers to contact him if they have problems.

MCA and Paramount both have dropped prices this year and are handling the situation with instant credit. According to Richard Childs, vice president, general manager, when Paramount reduced its surcharges last summer, "we gave on the spot price protection." Childs said he would give 90 days notice for future price reductions.

Under MCA's new Reel Deal program, Jerry Hartman, marketing manager, said retailers receive full credit on reduced-price product when they buy another title. Although he has received positive feedback thus far, he does not expect to see concrete results for another few months.

Paramount offered a one-time stock balancing opportunity this year to help dealers fix earlier buying mistakes. However, Childs explained that since the firm does not have any sales requirements or quotas, a regular stock balancing program isn't needed.

Disney does not offer any programs either. "We offer the right kind of product at the right price," insisted Ben Tenn, national sales manager.

NEW RELEASES

ACTION



E.T., Atari. Atari VCS-compatible. Available at end of this month. Suggested retail \$39.95.
SKY JINKS, Activision. Atari VCS-compatible. Available at end of this month. Suggested retail \$22.95.
TRICK SHOT, Imagic. Atari VCS-compatible. Available now. Suggested retail \$24.95.

ARCADE

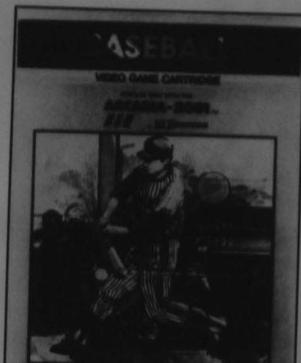
THE END, Emerson. Arcadia 2001-compatible. Available in December. Suggested retail \$39.95.
TURTLES, Emerson. Arcadia 2001-compatible. Available in December. Suggested retail \$39.95.
JUMP BUG, Emerson. Arcadia 2001-compatible. Available in December. Suggested retail \$39.95.

SPACE

GALACTIC TACTIC, Spectravision. Atari VCS-compatible. Available this month. Suggested retail \$29.95.

SPORTS

AMERICAN FOOTBALL, Emerson. Arcadia 2001-compatible. Available now. Suggested retail \$39.95.



BASEBALL, Emerson. Arcadia 2001-compatible. Available now. Suggested retail \$29.95.

STRATEGY

DRAGON STOMPER, Starpath (formerly Arcadia). Atari VCS-compatible (with Supercharger). Available this month. Suggested retail \$14.95.
ESCAPE FROM THE MIND MASTER, Starpath (formerly Arcadia). Atari VCS-compatible (with Supercharger). Available this month. Suggested retail \$14.95.

GET FAT ON TELESYS™ VIDEO GAMES.



Stock Telesys' great new video game cartridges and you'll gain a lot of weight—on the profit side of your ledger. Because Telesys games are simply more fun. There's nothing else like them! The flying pizzas, hamburgers and shakes in **Fast Food** will give Pac Man a belly ache. **Coco Nuts'** outstanding graphics and nutty characters will keep everyone laughing. And **Cosmic Creeps**, the whackiest Telesys game yet, is a space game from a different universe. Along with these great games, Telesys will deliver customers, with a national T.V. and print advertising campaign; attention-grabbing packaging; and full point-of-purchase support. We'll also provide fast service and competitive pricing.

N2

Shoot us this coupon and our sales representative will give you a call right away. Or, for even faster service, call Telesys direct at 415/651-2970.

Telesys
TM
FUN IN GAMES.

43334 Bryant Street, Fremont, CA 94539

Name	Company	
Address	Phone	
City	State	Zip

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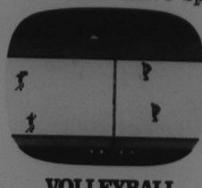
BASEBALL



©1982 Atari Inc. All Rights Reserved

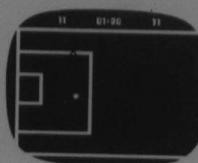
NEW ATARI® NOBODY ELSE IS

Atari is set to bring you another championship season. We're kicking off the fourth quarter with the most exciting and innovative sports action in video game history. New ATARI RealSports.



VOLLEYBALL

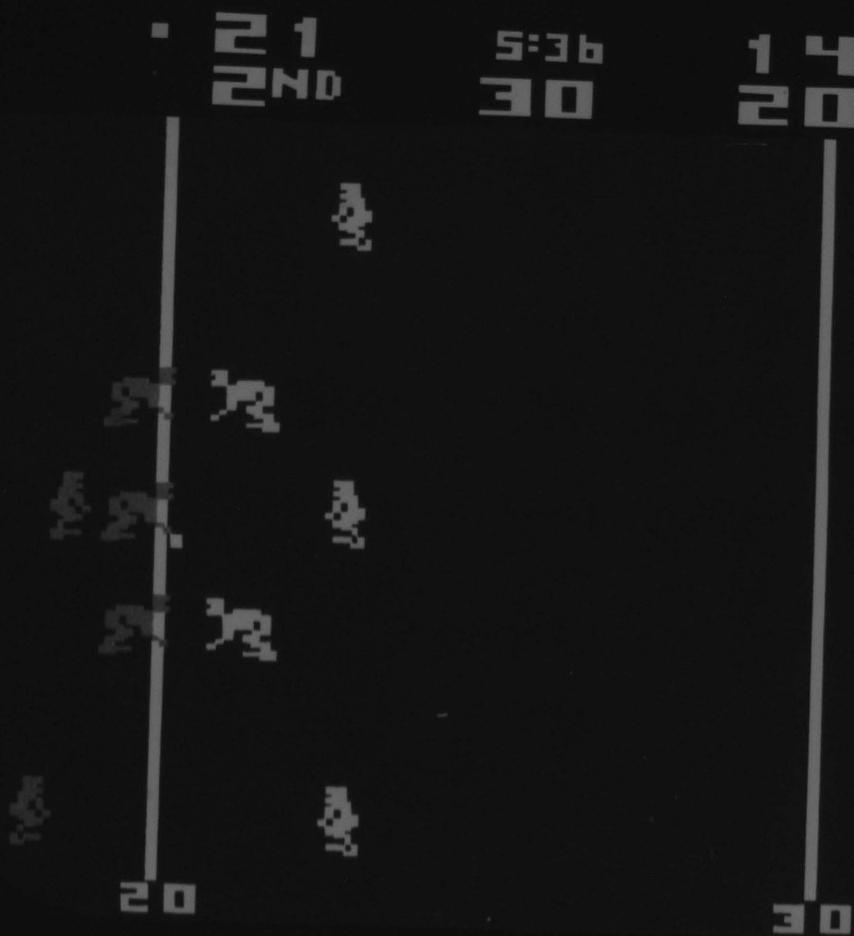
There's Football, Baseball, Volleyball and, in 1983, Soccer, Tennis, and Basketball. All with graphics so lifelike and action so challenging they're the closest thing to the real thing that home video games have ever been. What's more, unlike most other video sports games, RealSports are games that can be played



SOCER

alone, against the computer, as well as against someone else. All of which makes them the sports games your customers will really want to play. When it comes to advertising, Atari doesn't play games. We'll be spending millions of dollars on a line-up of network and spot television shows that include *Dynasty*, *Hill Street Blues*, *The Dukes of Hazzard* and *MASH*. We'll also be behind major sporting events and all over the pages of national magazines like *Sports Illustrated*, *Sport Magazine* and *Inside Sports*.

FOOTBALL



REALSPORTS.TM IN OUR LEAGUE.

In addition, RealSports will be giving your customers a real bonus, worth \$2.00, when they buy either the new RealSports Baseball or RealSports Volleyball game cartridges. Inside each box is a coupon entitling your customers to a two-dollar refund on their next ATARI RealSports game cartridge purchase. And with Atari, you get a real bonus, too. The millions of



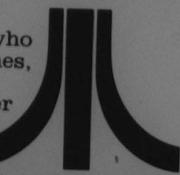
THE ATARI 2600.TM

ATARI Video Computer SystemTM fans who already own our system, love our games, and want more of them.

So if it matters to you whether you win or lose, remember that it's how you play the game that counts.

And nobody plays this game like Atari.

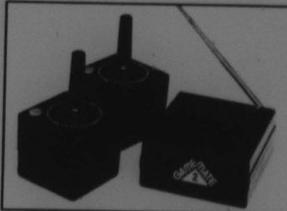
A Warner Communications Company
ATARI
HAVE YOU DISPLAYED ATARI TODAY?



NEWSLINES

PERSONAL ELECTRONICS

12345



Cynex debuts remote control joystick



Audiovox enters phone market

NEW YORK—Gold Star has signed a deal with Honeywell Corp. to jointly research and develop computers for home and business use. The two companies will share technologies in developing both mini- and main-frame computers, said S.K. Huh, Gold Star president. He also revealed that the firm has produced a small personal computer in Korea, which could be shown in the U.S. as early as the upcoming Winter CES in Las Vegas. The computer could reach the U.S. market by the end of 1983, Huh added. Now sold in Korea, the unit lists for \$3,000 in converted U.S. currency.

NEW YORK—Commodore International has donated 656 educational computer programs to the public domain. Catalogued and recorded on 50 computer disks, the program series will be distributed throughout the U.S. It is available to public and private educational institutions, organizations and foundations, as well as the private computerist. Commodore's 800 full-line computer dealers will also be supplied with a complete set for a nominal distribution charge of \$250. The programs can be used with the Commodore 64 and the PET Series.

Dealers and the company's 250 Education Resource Centers, also eligible, will be able to duplicate sets free of charge to their customers, or for their cost of labor and materials involved, according to Leon Harris, president, personal computer division. Commodore executives estimated that the actual cost of putting the programs together ran between \$6,500 and \$10,000. The 13 catalog classifications include: administration, business, computer science, English, French, games, geography, history, mathematics, science, technology, computer utilization and a miscellaneous category. The firm plans to expand these offerings in the next year.

HILLSIDE, NJ—Cynex has unveiled a remote control joystick system for the Atari VCS and Sears Tele-Game hardware, at a suggested retail price of \$99.95. But the Game Mate 2 transmitter and receiving device plus the remote control joysticks will probably retail for about \$79.95, said national sales manager Tom Eisenhart. The remote joysticks have an effective distance of 20 feet "with absolutely no delay in response time." Eisenhart estimated that between 65,000 and 70,000 pieces should be shipped from the factory before the year's end. Cynex will have a retail co-op ad program, plus consumer print advertising this month in key city areas around the country.

NEW YORK—The CBS/Columbia Group has formed CBS Software, a unit to develop, license and market software to the home personal computer market. At the same time, CBS Software has signed a licensing agreement with K-Byte, a division of Kay Enterprises, for the exclusive worldwide marketing and distribution rights to K-Byte computer games.

Initial K-Byte entries will number four. Slated for shipment in the fourth quarter, the games include K-Razy Shootout, K-Razy Antics, K-Star Patrol and K-Razy Critters. CBS Software will initially offer the K-Byte games for the Atari 400 and 800 systems, but is now evaluating other formats. CBS Software product will be distributed by CBS Video Games.

The unit will report to Edmund Auer, senior vice president of the Columbia Group. S. Allen Selby III, vice president, CBS/Columbia Group, will assume responsibility for product acquisition and development within CBS Software.

SANTA CLARA, CA—Videogame software manufacturer Arcadia Corp. has changed its name to Starpath, effective immediately. The name change occurred because the name Arcadia was thought to be both limiting and confusing, according to president Alan Bayley. "Starpath is gearing up to be a major competitor in the home videogame business. The name Arcadia suggested that we make games for arcades," he noted. It also suggested the firm was associated with Emerson Radio's Arcadia 2001 videogame.

Starpath makes a RAM cartridge, the Supercharger, which expands the game-playing capabilities of the Atari VCS system. The software games it produces are for use with the Supercharger cartridge.

HAUPPAUGE, NY—Audiovox has entered the telephone market with the addition of two cordless phone models. Delivery on the AT-10 and AT-20 models began last month. "The telephone market is a logical extension of autosound, marking a complementary addition to our communications business," explained Audiovox president John Shalam. Corded phones will also be developed at a later date.

The AT-10 cordless model has a 700-ft. range and works with rotary and Touch-Tone systems. With an automatic lock to prevent unauthorized use, a page feature to call the handset from the base unit and a redial function, it lists for \$175. The AT-20, also with a 700-ft. range, has many of the AT-10's features plus two-way intercom function when used with the existing phone receiver, volume "hi-low" switch and battery "low" and "talk" indicator on the handset. Its suggested retail is \$250.

NEW YORK—For the second consecutive year, special hotel accommodations and transportation rates will be available for American Toy Fair attendees. Toy Manufacturers of America has announced. And this year, special ground transportation rates have been added to the program. Twelve leading hotels will offer savings of up to 50 percent. In addition, American Airlines is offering a 30 percent reduction on coach fares or will book SuperSaver fares with "no minimum stay" restrictions. Reduced rates are also available on chauffeured airport sedan rentals provided by Carey Cadillac. One call to Travel Planners' toll-free number will enable show-goers to reserve either American or Delta flights, hotel accommodations and airport ground transportation into Manhattan. From 9 a.m. to 5 p.m., Eastern time, call 1/800/221-3531. The 80th annual American Toy Fair will take place Feb. 7 to 16, 1983.

PROMO PIECES—Coleco Industries is promoting its Colecovision home videogame system with a \$15 to \$20 million television budget through the year-end. "The Arcade Experience" theme will be directed toward both children and parents in separate print and TV spots. A campaign has also been launched for Coleco's game cartridges, including those compatible with Atari VCS and Intellivision systems...Commodore Business Machines is spending \$17 million this quarter to push the VIC 20 home computer. Ads depict the VIC 20 as a "real computer for the price of a toy," aiming at the videogame market. At the same time, the Commodore 64 personal computer will also debut with a \$5 million effort...Until Dec. 24, consumers who buy an Odyssey videogame will receive a selection of free games worth \$82 suggested retail as part of the "Great Game Giveaway." Customers must send coupons, selections and system proof-of-purchase to Odyssey.

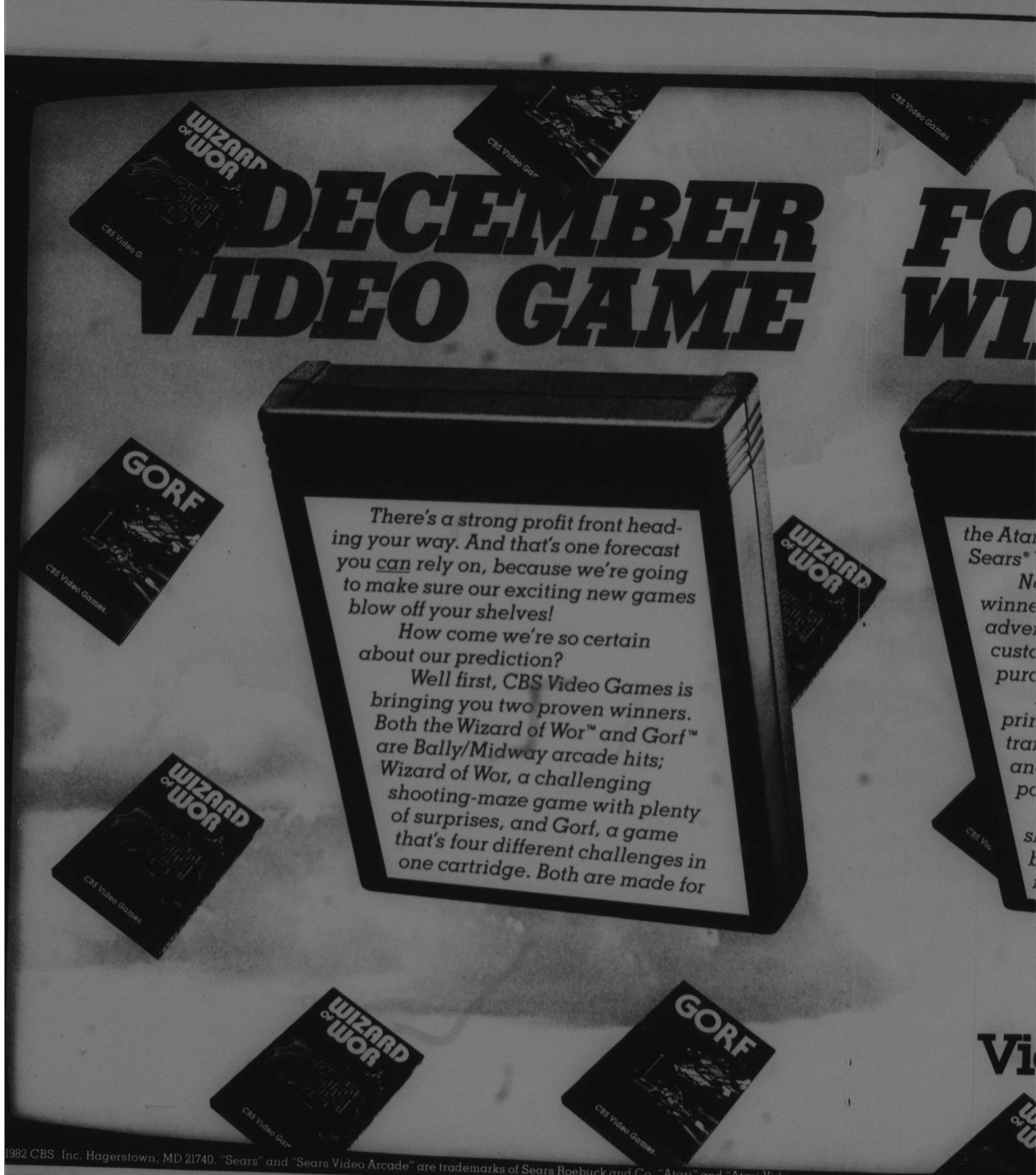
DECEMBER VIDEO GAME

FO
WI

There's a strong profit front heading your way. And that's one forecast you can rely on, because we're going to make sure our exciting new games blow off your shelves!

How come we're so certain about our prediction?

Well first, CBS Video Games is bringing you two proven winners. Both the Wizard of Wor™ and Gorf™ are Bally/Midway arcade hits; Wizard of Wor, a challenging shooting-maze game with plenty of surprises, and Gorf, a game that's four different challenges in one cartridge. Both are made for



1982 CBS Inc. Hagerstown, MD 21740. "Sears" and "Sears Video Arcade" are trademarks of Sears Roebuck and Co. "Atari" and "Atari Video

Computer System" are trad

CBS Video Games

CBS Video Games

FORECAST: WINDFALLS

the Atari® Video Computer System™ and
Sears® Video Arcade™ home systems.

Next, we're presenting these
winners in high impact consumer
advertising geared right to your best
customer: the heavy home game
purchaser.

And you can also expect heavy
print and television schedules,
traffic-building consumer promotions,
and lots of retail help, including
powerful in-store merchandising.

Now with all that support
showering down on you, you're
bound to get a flood of customers
for your CBS Video Games.

CBS Video Games

WIZARD
of WOR

GORT

Computer System™ are trademarks of Atari, Inc. "Gort" and "Wizard of Wor" are registered trademarks of Bally/Midway Mfg. Co.



CHANNEL
CLEAR



PERSONAL ELECTRONICS/PRODUCT PICTURE

Thumb trigger sits atop joystick handle

COLUMBIA, MO—The PointMaster Competition joystick from Discwasher provides a thumb trigger at the top of the joystick handle, for single-handed control and firing.

The joystick sports a fast-action fire button, contoured hand grip, spring loaded pivot point and full range maneuverability. The cord spans five ft. in length. Furnished in black and red colors, the product lists for \$16.95, and is compatible with Atari, Sears Tele-games and the



PointMaster joystick

Sharp adds three pearl white calcs

PARAMUS, NJ—Three new calculators combine advanced technology with highly styled design to satisfy business and travel needs. Sharp Electronics said.

A pearl white finish highlights models EL-850, EL-852 and EL-450. Model EL-850 is a 5.3 mm, eight-digit calc with either audible or silent input. It comes with a three-key memory and fully floating decimal point. Including a wallet, the suggested retail price is \$14.95.

Model EL-852 is an eight-digit calculator operated with solar cells. In addition to the features found on model EL-850, it also offers one-touch percent and square root keys. The suggested retail price is \$19.95.

Model EL-450 is a basic eight-digit calculator with clock function. A musical beep note can be sounded with each entry, or it can be silenced. In addition to the arithmetic and memory functions, it includes a display of the day and date, an AM/PM display of hours and minutes, a stopwatch and an alarm. The suggested retail price is \$29.95.

Sharp Electronics Corp., 10 Sharp Pl., M, Paramus, NJ 07652.



Sharp EL-850

Commodore VIC 20, in addition to others, the firm said.

A \$2 refund on the purchase of two PointMaster Competition joysticks is offered with proof of purchase coupons.

Discwasher, 1407 N. Providence Rd., P.O. Box 6021, M, Columbia, MO 65205.

Videogame center allows in-unit use

ST. PAUL, MN—A videogame storage center from Hartzell Custom Products allows videogame operation right in the unit. The user removes the dust cover and is ready to play: controls, joy sticks, cords, etc. stay organized.

The organizer holds 14 Atari, Intellivision or comparable videogame cartridges, the Atari or Intellivision game unit, controls, instruction booklets and other accessories.

A power cord outlet is positioned in the rear of the storage center, for hookup of cords into the videogame. Rubber feet on the unit prevent the scratching of surfaces.

Hartzell Custom Products, 2516 Wabash Ave., M, St. Paul, MN.



Hartzell videogame center



Mayday II CB radio

Kraco introduces two-way CB radios

COMPTON, CA—Two emergency two-way CB communicators have been unveiled by Kraco Enterprises.

Mayday I offers 40 channels, receiving range control, a built-in microphone, transmit light and magnetic base antennae. Also with a cigarette lighter adaptor plug and a high-impact plastic case, the model has a suggested retail price of \$69.95.

Mayday II sports the same basic features, plus it provides a built-in battery pack with rechargeable circuitry. The unit includes an LED channel indicator, power high/low switch and a vinyl carrying case. Its suggested list price is \$99.95.

Kraco Enterprises, 505 East Euclid Ave., M, Compton, CA 90224.

Sanyo aims Scuba watch at sportsters

LITTLE FERRY, NJ—Sanyo has introduced an LCD sports watch designed to be water resistant at more than 600 ft. deep. Several low-priced watches also debuted.

The Scuba watch has a stainless steel housing and watchband. Functions include conventional watch, stopwatch and calendar displays. For underwater and night time use, it has a built-in light. Powered by a lithium battery, the watch has a suggested retail price of \$59.95.

Sanyo has also introduced a fully featured LCD with a retail price of \$18.95. Housed in a rugged black plastic casing, it displays date and time. It can be used as a stopwatch and includes an alarm. The watch also has a built-in light.

Two other electronic watches carry



Sanyo Scuba watch

a list price of less than \$10. The M500P for men and the L550P for women, with a suggested retail price of \$9.95, feature a basic function liquid crystal display housed in a plastic casing.

Sanyo Electric Co., 200 Riser Rd., M, Little Ferry, NJ 07643.

Auto dialer recalls 32 phone numbers

SAN FRANCISCO—An auto dialer from the General Trading & Services Co. can hold up to 32 telephone numbers with more than 16 digits per number for international calling.

The unit is also an eight-digit calculator with full memory, a 24-hour alarm clock and stopwatch for telling the elapsed time. A volume control provided adjusts the voice so that everyone in the room can hear the conversation clearly.

As the user is dialing, the number dialed is displayed. The last number

dialed will be redialed automatically for up to five times if necessary.

A rechargeable nickel-cadmium battery will back up the unit should a power failure occur. Suggested retail for the auto dialer is \$179.95.

GTS Co., 264 Michelle Court, M, San Francisco, CA 94080.

Videogame cart offers recessed top

DETROIT—Pyramid Manufacturing has unveiled a line of videogame storage carts. One model, VG-101, has a custom-formed top to recess the Atari VCS console and joysticks.

Recessed joysticks allow for easier control, the maker said. The game itself does not have to be stored away.

The VG-102 can handle many videogames, including those by Mattel Intellivision, Odyssey and Coleco.

Both models sport roll-about twin casters, vinyl oak finished sides and back with a black top, a rack for cartridge storage, middle shelf for instruction sheets and lower shelf.

To eliminate excess cord, the unit comes with cord-wrap knobs. The carts stand 21 in. high, 24 in. wide and 11 in. deep.

Pyramid Manufacturing, 8774 Grinnell, M, Detroit, MI 48213.

DIY telephone amp installs in half-hour

REDMOND, WA—A do-it-yourself telephone volume amplifier from Proctor & Associates permits a user to adjust volume as needed. The blister-carded amplifier can be added to most telephone styles, including Trimline types.

The package contains photo-illustrated instructions for installation. Retailing for under \$30, the product takes less than 30 minutes to install, the company said.

Proctor & Associates, 15050 N.E. 36th, M, Redmond, WA 98052.



GTS auto dialer

Webcor introduces voice-run answerer

PLAINVIEW, NY—Webcor has entered the telephone answerer market with a totally voice-activated, voice-controlled model at \$379.95 list.

The voice feature eliminates the need to carry a beeper when retrieving calls over the phone. The user's voice can recall and erase messages and change the announcement.



Webcor's phone answerer

Other features include a dual cassette drive system using standard cassettes, two-way conversation recording with stopwatch display, un-

limited announcement message length and a five-digit fluorescent display for a digital clock and/or message counter and timer.

Model 1010 is programmable for a user ID., making illegal access to the system practically impossible, Webcor said.

Webcor Division of Webcor Electronics, 28 S. Terminal Dr., M, Plainview, NY 11803.

We Have Something Every Video Game Player Will Want. And We're Going To Give It To You. Free.

Data Age understands video games. We know they mean total involvement in a world of fast action and tingling suspense. And we wanted to find a way to bring that excitement to customers before they actually bought our games. Here's how we did it.



We're Playing It By Ear. We've put our video games on record. That's right. We asked a well-known science and science-fiction writer

to collaborate with one of Hollywood's most respected sound producers to bring each of our games to life, using dramatic dialogue and great sound effects. Now your customers can experience the thrill of Data Age... Video Games in a way that no picture or set of printed words could hope to do. It's the closest and cleverest thing to actually playing a video game that the best people in the entertainment business could devise. And Data Age distributors are giving these records away so that you can turn right around and give them away to your customers.

The only place the Data Age record will be available is in retail stores. It will be up



to you to meet the demand. And you can expect a demand—because once customers hear our video games they'll be back to you, more than once.

And Now Hear This. We'll be supporting our record and games with some exciting promotions, aimed at teenagers, your prime customer for video games. We'll be advertising on the teenagers' favorite medium: radio. We plan to saturate the best of contemporary music stations around the country, telling every major market about Data Age... Video Games. We'll promote the free record with local DJs—and they'll send their listeners right to your store.

Just call your Data Age distributor. He'll have our records in boxes of fifty that unfold into counter-top displays that say "Free!" All you have to do is set the records out—and watch them disappear.

Listen, Then Look.

You'll also want to hear more about the Data Age distributor's local marketing program. We're offering 100% paid co-op advertising.



A poster that's a knock-out. And best of all, an earful of other ideas that will help you set up a local campaign to tell teenagers that the video game action is at your store.

Data Age isn't afraid to do things a little differently. After all, if a company can put a video game on an audio disk, you know they've got some other good ideas. But don't just listen to us, or to our record. Take a look at our action games. There's action in the packaging, which tells a story and challenges a player's skill and concentration. And action over the counter, once the word gets around. And around.

Call your Data Age distributor for details on our free record offer. Our co-op advertising deal. Our local marketing plans. Our radio push. Or call Data Age directly—we'd be glad to hear from you.



THERE'S A LOT MORE TO OUR BUSINESS THAN FUN AND GAMES.

62 South San Tomas Aquino Road, Campbell CA 95008 (408) 370-9100

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PERSONAL ELECTRONICS/PRODUCT PICTURE

Cordless telephone weighs 10.5 ounces

CLARK, NJ—A cordless phone entry from ITT weighs 10.5 oz. in a slim, scaled-down design.

Model PC-1900 features the maximum broadcast/receive range possible, according to the maker. The phone measures 6½ in. by 2½ in. wide.

The model has pushbutton dialing and can operate on both rotary and Touch-Tone systems. An automatic redial button will redial a busy number. The base station offers LED indicators, a built-in phone jack, antenna, call button and built-in security to prevent unauthorized use



ITT cordless entry

while in the charging mode.

With a black and satin linear finish, PC-1900 carries a suggested retail price of \$249.95.

ITT, M. Clark, NJ 07066.

Dictograph's Phone Controller Phone has 30-number memory, speaker phone

THORNHILL, ONT., CANADA—Dictograph's Phone Controller Phone is a multi-featured system which combines numerous functions in a single package.

Designed for use with either Touch-Tone or rotary-dial telephone circuits, the unit stores up to 30 different 16-digit numbers (expansible). Its memory is quickly and easily programmed using English language logic that is unique in the industry, Dictograph said.

A built-in speaker provides on-hook dialing. The unit starts operating with the touch of a single memory recall

button. The speaker may be turned back on, and the unit then becomes a full, hands-free, two-way speaker phone.

Other functions include automatic redial of the last number and pro-



Phone Controller Phone

grammable redial of up to 14 tries at one-minute intervals. The suggested retail price is \$159.95.

Dictograph U.S.A., 89 Glen Cameron Rd., M, Thornhill, Ontario, Canada L3T 1N8.

Now MERCHANDISING Delivers...

- Expanded Monthly Electronics Coverage For 55,800 Information-Hungry Readers
- Heightened Buyer Interest/Added Results For Your Electronics Ad Message

MERCHANDISING's grown to serve you, and our 55,800 readers, better! We've expanded our regular coverage (including trendings in audio/hifi, video, personal electronics) to feature vital, monthly reports on today's "hottest" consumer electronics categories:

- Car Stereo
- Personal Computers
- Phones/Answerers
- Videogames

■ Plus: Expanded Top 50 In Pre-Recorded Video, listing Top 30 in Videocassette Rentals; Top 10 in Videocassette Sales; Top 5 in CED Videodisc Sales; Top 5 in Laserdisc Sales.

MERCHANDISING's additional monthly editorial gives hard goods decision-makers more of the up-to-the-minute news, products and business information they need to keep abreast of the fast-changing consumer electronics industry.

And it gives you a richer, more response-stimulating environment in which to showcase your product message...each and every month!

For details on MERCHANDISING's expanded coverage, and the outstanding advertising opportunity it offers, call your MERCHANDISING representative today.



MERCHANDISING

The Vital Force in Hard Goods Retailing in the 1980s
A Gralla Publication/
1515 Broadway, New York, N.Y. 10036/212-869-1300



Bush model CT 101

the work surface. Its wood grain vinyl surface is in a light walnut finish and is easy to care for, Bush continued. The suggested retail price is \$129.95. The unit is now being delivered.

Bush Industries, Inc., 312 Fair Oak St., M, Little Valley, NY 14755.

Newsline: page 46

Listings by category

Tyler Software, 13553 66th St., N., Largo, FL, 33541
Unisonic Products Corp., 1115 Broadway, New York, NY, 10010

High Fidelity

- Am—Amps, Pre-Amps, Tuners, Equalizers
 - Cl—Cartridges
 - H—Headphones
 - P—Phono
 - S—Speakers
 - T—Tape Decks
 - Tu—Turntables
- AAL (American Acoustics Labs), 629 W. Cermak Rd., Chicago, IL, 60616 (S)
AKG Acoustics, Inc., 77 Seelick St., Stamford, CT, 06902 (G, H)
APT Corp., 148 Sidney St., Cambridge, MA, 02139 (Am)
Accutar RTR Industries, 8116 Deering Ave., Canoga Park, CA, 91304 (S)
Acoustic Source, P.O. Box 207, Proctorsville, VT, 05153 (S)
Acoustic Research, P.O. Box 100, American Dr., Norwood, MA, 02062 (S)
Acuteus U.S.A. International, 10990 Lee Hwy., Fairfax, VA, 22030 (C, H, S)
Adcom Audio, 9 Jules Ln., Northvale, NJ, 07691 (Am, C, S)
Aiwa America Inc., 35 Oxford Dr., Monmouth, NJ, 07074 (Am, H, R, S, T, Tu)
Akai America Ltd., 800 W. Artesia, Compton, CA, 90220 (Am, R, S, T, Tu)
Alaron Inc., P.O. Box 550, Troy, MI, 48099 (Am, H, R, S, T, Tu)
Allison Acoustics Inc., 7 Tech Cir., Natick, MA, 01760 (H)
Altronics Inc., 9815 Roosevelt Blvd., Philadelphia, PA, 19114 (C)
Altec/Lansing International, 1515 S. Manchester Ave., Anaheim, CA, 92803 (S)
Analog & Digital Systems Inc., One Progress Way, Wilmington, MA, 01887 (Am, S)
Arrow Trading Co., Inc., 1115 Broadway, New York, NY, 10010 (Tu)
Astatic Corp., P.O. Box 120, Conneaut, OH, 44030 (C)
Audio Control Corp., 6520 21st St. S.W., B-1, Lynnwood, WA, 98036 (Am)
Audio Dynamics Corporation, Pickett District Rd., New Milford, CT, 06776 (Am, C, S, Tu)
Audio International, P.O. Box 477, Monticello Rd., Albany, NY, 42602 (Am)
Audio Pro, Intersearch, Inc., 4720-Q Boston Way, Lenham, MD, 20801 (S)
Audio Products International, 161 Don Park Rd., Markham, Ont., L3R 1C2, Canada (S)
Audio-Technica U.S.A., Inc., 1221 Commerce Dr., Stow, OH, 44224 (C, H, S)
Audio Technology, 1169 Town Rd., Schamburg, IL, 60195 (Am)
Audited Electronics, Box 969, University Sta., Portland, OR, 97207 (Am)
Avid Cos., 1800 Lapps Ln., E. Providence, RI, 02914 (S)
Avon Electronics Company, 1201 Broadway, New York, NY, 10001 (H)
B.E.S. (Berghaus Electroacoustic Systems), 345 Fischer St., Costa Mesa, CA, 92626 (S)
Bang & Olufsen of America, 515 Busse Rd., Elk Grove Village, IL, 60007 (G, H, R, S, T, Tu)
Barco Sales Ltd., Inc., 1341 S.W. 20th Terr., Fort Lauderdale, FL, 33312 (S)
Beyer Dynamic, Inc., 5-05 Burns Ave., Hicksville, NY, 11801 (H)
Bose Corp., 100 The Mountain Rd., Framingham, MA, 01701 (R, S)
Bozak Inc., 68 Holmes Rd., Newton, CT, 06111 (S)
Cambridge Phonics, 28 Fox Rd., Waltham, MA, 02454 (S)
Carter Corp., 1916 11th St., Rockford, IL, 61101 (S)
Carver Corporation, 14304 N. 1C, Box 664, Woodinville, WA, 98072 (H)
Celestion Industries Inc., P.O. Box 521, Holliston, MA, 01746 (Am)
Cerwin-Vega, 1220 20th St., Arleta, CA, 91331 (S)
Chelco Sound, Inc., 1423-1440 Randolph Ave., Avenel, NJ, 07001 (S)
Cizek Acoustics Inc., 130 Conder St., E. Boston, MA, 02128 (S)
Crown International, 1718 W. Mishawaka Rd., Elkhart, IN, 46514 (Am)
Crown Japan, 2600 Nordhoff St., Chatsworth, CA, 91311 (Am, R, S, T, Tu)
Cybernet International, Inc., 7 Powder Horn Dr., Warren, NJ, 07060 (D)
DB Systems, Main St., Ringde Center, NH, 03461 (Am)
dbx, Inc., 71 Chapel St., Newton, MA, 02195 (Am)
DCM Corporation, 670 Airport Blvd., Ann Arbor, MI, 48104 (Am)
DSC Service Center, Ltd., 4401 Walden Ave., Lancaster, NY, 14086 (S)
Dahlquist, Inc., 601 Old Willets Path, Hauppauge, NY, 11788 (Am, R, T, Tu)
Dayton Electronics, 100 Daewoo Pl., Carrollton, NJ, 07072 (H, S)
Daytron Corporation, 5 Mear Rd., Holbrook, MA, 02343 (R, S, Tu)
Denon Audio, Inc., P.O. Box 1139, W. Caldwell, NJ, 07009 (Am, C, R, S, T, Tu)
Design Acoustics, Inc., 2426 Amstel St., Torrance, CA, 90505 (S)
Dimension by Custom Craft, 2020 E. Orangethrone Ave., Anaheim, CA, 92806 (S)
Dolby Laboratories, 731 Sansome St., San Francisco, CA, 94111 (Am)
Downen Consumer Electronics, 206 E. Main St., Carmi, IL, 62821 (S, Tu)
Dynavector Systems U.S.A., Inc., 1721 Newport Cr., Santa Ana, CA, 92705 (G, H, R, S, T, Tu)
ESS, 9613 Dates Dr., Sacramento, CA, 95827 (S)
EVG, Inc., 186 Buffalo Ave., Freeport, NY, 11520 (C, H)
Electro Brand, Inc., 1238 N. Kostner Ave., Chicago, IL, 60651 (H, R, S, T)
Electro Industries, Inc., 600 Cecil St., Buchanan, MI, 49107 (S)
Empire Scientific, 1055 Stewart Ave., Garden City, NY, 11530 (Am, C, H)
Epicure Products, Inc., One Charles St., Newburyport, MA, 01950 (S, Tu)
Eumig (USA) Inc., Lake Success Business Park, 225 Community Dr., Great Neck, NY, 11020 (Am, T)
Falcon Acoustics Ltd., Norwich Rd., Mulberry, Norwich, Norfolk NR14 8JT, England (Am, T)
Federal Transistor Corp., Inc., 465 S. Beverly Dr., Beverly Hills, CA, 90212 (S)
Fisher Corporation, 21314 Lassen St., Chatsworth, CA, 91311 (Am, R, S, T, Tu)
Fortune Star Products Corp., 12, W. 23rd St., New York, NY, 10010 (Am, R, S, T, Tu)
G.C. Electronics, Wallace Murray Inc., 400 S. Wyman St., Rockford, IL, 61101 (C, H)
Garrard U.S.A., Inc., 60 DaVinci Dr., Bohemia, NY, 11716 (Am, R, T, Tu)
Gemini Speaker Systems, 1221 38th St., Brooklyn, NY, 11218 (Am, H, S)
Hammond Industries, Audio Kare, 8000 Madison Pike, Madison, AL, 35758 (Am, H, S)
Harman Kardon, 240 Crossways Park, W., Woodbury, NY, 11797 (Am, R, T, Tu)
Heppner Sound, Belvidere Rd., Round Lake, IL, 60073 (S)
Herald Electronics, 6611 N. Lincoln Ave., Chicago, IL, 60645 (H, S)
Hitachi Sales Corp. of America, 401 W. Artesia Blvd., Compton, CA, 90220 (Am, H, S)
Infinity Systems Inc., 7930 Deering Ave., Canoga Park, CA, 91304 (S)
Interaudio Systems, 100 Mountain Rd., Framingham, MA, 01701 (S)
International Components Corp., Distributor Products Div., 105 Maxxes Rd., Melville, NY, 11747 (S)
JBL, 8500 Balboa Blvd., Box 2200, Northridge, CA, 91329 (H, S)
JR. Loudspeaker, 165 Broadway, Hastings-On-Hudson, NY, 10706 (S)
JSR Electronic Inc., 1155 W. Fayette St., Syracuse, NY, 13201 (S)
JVC Company of America, 41 Slater Dr., Elmwood Park, NJ, 07407 (Am, C, H, R, S, T, Tu)
Jacobs Products Co. Inc., 217 N.E. 46th St., Box 466, Oklahoma City, OK, 73101 (S)
Jensen Sound Laboratories, An Esmark Company, 4136 United Pkwy., Schiller Park, IL, 60176 (S)
Conrad Johnson Design, Inc., 1474 Pathfinder Ln., McLean, VA, 22101 (R, S)
KRS Magnetics, I, 1st St., Los Altos, CA, 94022 (Am)
Kenwood Electronics Inc., 1315 E. Watsoncenter Rd., Carson, CA, 90745 (Am, R, S, T, Tu)
Kinetic Audio International Ltd., 6628 W. Irving Park Rd., Chicago, IL, 60634 (S)
Koss Corp., 4129 N. Port Washington Ave., Milwaukee, WI, 53212 (H, S)
Lumetron, Alpine Electronics of America, 3102 Kashwa St., Torrance, CA, 90509 (Am, R, T, Tu)
Matress Electronics, Inc., 805 Woodman Ave., Winslow, IL, 61089 (S)
Meico Sales, Mitsubishi Elec. Sales America, 25512 Maximus, Mission Viejo, CA, 92691 (Am, R, S, T, Tu)
Mesa Electronics Sales Ltd., 2940 Malmo Dr., Arlington Heights, IL, 60005 (H, S, Tu)
- Metro Sound, 10615 Vanowen St., N. Hollywood, CA, 91605 (Am)
Midex, 665 Clyde Ave., Mountain View, CA, 94043 (S)
Missis Electronics N.A. Corp., 310 Carlingview Dr., Rexdale, Ont., M9W 5G1, Canada (Am, C, S, Tu)
Mitsubishi Electric Sales America, Consumer Products, Mitsubishi Electric Corp., Japan, 3030 E. Victoria, Compton, CA, 90221 (Am, R, S, T, Tu)
Mona Electronics International Co. Ltd., 112 E. 7th Ave., Vancouver, BC, V5T 1M6, Canada (Am, C, H, R, S, T, Tu)
Keith Monks Audio (USA) Inc., 652 Glenbrook Rd., Glenbrook, CT, 06906 (H)
Morse Electro Products Corp., 101-10 Foster Ave., Brooklyn, NY, 11236 (R, S, T, Tu)
Motorola Ceramic Products, Communications Sector, 4800 Richfield Rd., N.E., Albuquerque, NM, 87113 (S)
Mura Corporation, 177 Cantique Rock Rd., Westbury, NY, 11590 (H)
NAD USA Inc., 675 Town St., Norwood, MA, 02062 (Am, C, H, R, S, T, Tu)
Nagtronix Corporation, 2290 Grand Ave., Baldwin, NY, 11510 (C)
Nakamichi U.S.A. Corp., 1101 Conrado Ave., Santa Monica, CA, 90401 (H, T, Tu)
Nightengale Acoustics Ltd., School Dr., Bracken Ash, Norfolk, NR14 8HQ, England (Am, C, H, R, S, T, Tu)
Nikko Audio, 320 Oser, Hauppauge, NY, 11788 (Am, R, T, Tu)
Numark Electronics Corp., 503 Ravitan Center, Edison, NJ, 08817 (Am, H, S)
OHM Acoustics, 241 Taaffe Pl., Brooklyn, NY, 11205 (S)
Oaktron Industries, Inc., 1000 30th St., Monroe, WI, 53566 (S)
Walter Odemeier Co., Inc., 1516 W. Magnolia Blvd., Burbank, CA, 91506 (Am, H, R, S, T, Tu)
Onkyo U.S.A. Corporation, 200 Williams Dr., Ramsey, NJ, 07446 (Am, G, R, S, T, Tu)
Optonica, A Div. of Sharp Electronics, 10 Sharp Plaza, Paramus, NJ, 07652 (Am, G, R, S, T, Tu)
Ortofon Inc., 122 DuPont St., Plainview, NY, 11803 (R, S, T, Tu)
Ortofon, 70794 (Am, C, H, R, S, T, Tu)
Peerless Audio Manufacturing Corp., 40 Jytek Dr., Leominster, MA, 01452 (S)
Prahlisch, 3330 Washington St., Waukegan, IL, 60085 (C)
Phase Linear Corp., 20121 48th Ave., Lynwood, WA, 98036 (Am, S, T, Tu)
Pickerill & Co. Inc., 101 Sunnyside Blvd., Plainview, NY, 11803 (G, H)
Pioneer Electronics (USA), 1925 E. Dominguez, Long Beach, CA, 90810 (Am, C, H, R, S, T, Tu)
Polk Audio, 1205 S. Carey St., Baltimore, MD, 21230 (S)
Polydax Speaker Corp., Two Park Ave., New York, NY, 10016 (S)
Pyle Industries, Inc., 501 Center St., Huntington, IN, 46750 (S)
Quam-Nichols, 23 E. 67th St., Chicago, IL, 60537 (S)
RTR Industries, 8116 Deering Ave., Canoga Park, CA, 91306 (S)
Randall Industries Ltd., 5 Mead Rd., Holbrook, MA, 02343 (S)
Recon Corp., 260 North Rd., 303, West Nyack, NY, 10994 (Am, R, S, T, Tu)
Recon Corp., 48-23 Crane St., Long Island City, NY, 11101 (H, S)
Roller Phone, 2106 S. Olive St., Los Angeles, CA, 90007 (H)
Rotel of America, Inc., 1201 Broadway, New York, NY, 10001 (H)
SAE, 701 E. May St., Los Angeles, CA, 90012 (Am, R, S, T, Tu)
SJA Industries Inc., 10023 Canoga Ave., Chatsworth, CA, 91311 (Am, R, T, Tu)
Samsung Electronics America Inc., 2707 Butterfield Rd., Ste. 270, Oak Brook, IL, 60521 (Am, R, S, T, Tu)
Sansui Electronics Corp., 1250 Valley Brook Ave., Lyndhurst, NJ, 07071 (Am, R, T, Tu)
Sanyo Electric Inc., Consumer Electronics Div., 1200 W. Artesia Blvd., Compton, CA, 90220 (Am, R, T, Tu)
Schneider North America, Ltd., 181 Herrod Blvd., Box 307, Dayton, NJ, 08810 (Am, R, T, Tu)
H.H. Scott, Inc., 20 Commerce Way, Woburn, MA, 01888 (Am, R, S, T, Tu)
Shahinian Acoustics Ltd., 24 Commercial Blvd., Medford, NY, 11763 (Am, R, S, T, Tu)
Sharp Electronics, 205 Plaza, Paramus, NJ, 07652 (R, S, T, Tu)
Sherwood, Div. of Intel Corp., 17107 Kingsview Ave., Carson, CA, 90746 (Am, R, S, T, Tu)
Shure Brothers, Inc., 222 Hartrey Ave., Evanston, IL, 60204 (Am, C, H, R, S, T, Tu)
Sony Corp. of America, Sony Dr., Park Ridge, NJ, 07674 (Am, C, H, R, S, T, Tu)
Sony Barrier Corp., 9031 Stauson Ave., Pico Rivera, CA, 90660 (Am, H, S)
Sound Trends, Inc., 2000 10th St., New York, NY, 10016 (Am, R, S, T, Tu)
Sound Dynamics Corp., 161 Don Park Rd., Markham, Ont., L3R 1C2, Canada (S)
Sound Mate, Inc., 1239 Velveteen Ave., Atlanta, GA, 30311 (Am, R, S, T, Tu)
Sound Research Inc., 1000 E. Del Amo Blvd., Compton, CA, 90746 (Am, R, S, T, Tu)
Soundcraftsmen, Inc., 2200 S. Ritchey, Santa Ana, CA, 92705 (Am, R, S, T, Tu)
Soundesign, 34 Exchange Pl., Jersey City, NJ, 07302 (T)
Speco Division, Component Specialties Inc., 1172 Rte. 109, Box 624, Lindenhurst, NY, 11757 (S)
Spectro Acoustics Inc., 4500 150th Ave., N.E., Redmond, WA, 98052 (Am, R, S, T, Tu)
Stanton Magnetics Inc., Terminal Dr., Plainview, NY, 11803 (Am, C, H)
Studio Resonics America, Inc., 1425 Elm Hill Pike, Nashville, TN, 37210 (Am, R, S, T, Tu)
Supereyes Electronics, 151 Ludlow St., Yonkers, NY, 10705 (Am, R, S, T, Tu)
Supercscope Company, Inc., 20525 Nordoff St., Chatsworth, CA, 91311 (Am, R, S, T, Tu)
Switchcraft Inc., 5555 N. Elston Ave., Chicago, IL, 60630 (Am, R, S, T, Tu)
TEAC Corp. of America, 7733 Telegraph Rd., Montebello, CA, 90640 (Am, R, S, T, Tu)
TCL International Corp., 232 Wood Glen Ln., Oak Brook, IL, 60521 (Am, H, T, Tu)
Tamon International Inc., 1645 E. Del Amo Blvd., Carson, CA, 90746 (Am, S)
Technique Corporation, 8900 27th St., Armonk, NY, 10504 (Am, R, T, Tu)
Teknika Electronics Corp., 1632 1/2 W. Cypress Creek Rd., Ft. Worth, TX, 76024 (H)
Telephone Company Inc., 444 S. 9th Ave., Phoenix, AZ, 85004 (Am, S, T, Tu)
Thomas Radio Corp., 330 Midtown Rd. E., Brunnwick, NJ, 08850 (Am, R, S, T, Tu)
Threshold Corporation, 1832 Tribune Rd. Ste. E, Sacramento, CA, 95815 (Am, T)
Toshiba America Inc., Consumer Electronics Div., 82 Totowa Rd., Wayne, NJ, 07470 (Am, C, H, R, S, T, Tu)
Trusonic, 10530 Lawson River Ave., Fountain Valley, CA, 92708 (Am, C, H, R, S, T, Tu)
Tamon International Inc., 1645 E. Del Amo Blvd., Carson, CA, 90746 (Am, S)
Technique Corporation, 8900 27th St., Armonk, NY, 10504 (Am, R, T, Tu)
Teknika Electronics Corp., 1632 1/2 W. Cypress Creek Rd., Ft. Worth, TX, 76024 (H)
Telephone Company Inc., 444 S. 9th Ave., Phoenix, AZ, 85004 (Am, S, T, Tu)
Thomas Radio Corp., 330 Midtown Rd. E., Brunnwick, NJ, 08850 (Am, R, S, T, Tu)
Toshiba America Inc., Consumer Electronics Div., 82 Totowa Rd., Wayne, NJ, 07470 (Am, C, H, R, S, T, Tu)
Tucker, 10553 66th St., N., Largo, FL, 33541 (C, P, T, Tu)
Weatheralert, 4949 S. 25-A, Tipp City, OH, 45371 (C, P, T, Tu)
Westclox, A Tally Industries Co., 520 Gutheridge Ct., Atlanta, GA, 30309 (C, P, T, Tu)
Windstar Industries, Inc., 10 Hub Dr., Melville, NY, 11747 (C, P, T, Tu)
York Electronics Corp., 405 Minnisink Rd., Totowa, NJ, 07512 (C, P, T, Tu)

Personal Computers

- Apple Computer Inc., 1501 Broadway, New York, NY, 10036 (S)
Apple Computer Inc., 2925 Mariani Ave., #1B, Cupertino, CA, 95014 (S)
Artec, Inc., Pine Haven St., Somers, NY, 10548 (S)
Atari Inc., 1265 Borges Ave., Sunnyvale, CA, 94086 (S)
Barco Business Equipment Corp., 62 W. 45th St., New York, NY, 10036 (S)
Barco Sales Ltd., Inc., 1341 S.W. 20th Terr., Fort Lauderdale, FL, 33312 (S)
Bretford Mfg. Inc., 9715 Soren Ave., Schiller Park, IL, 60176 (S)
Casio Inc., 15 Gardner Rd., Fairfield, NJ, 07006 (S)
Compaq Computer Software, 51 W. 52nd St., New York, NY, 10019 (S)
DSC Service Center, Ltd., 4401 Walden Ave., Franklin Park, IL, 60131 (S)
Fidelity Electronics, 806 S. 8th St., Phoenix, AZ, 85016 (S)
Gimix Inc., 1337 W. 37th Pl., Chicago, IL, 60609 (S)
Hewlett Packard, 1000 N.E. Circle Blvd., Corvallis, OR, 97330 (S)
Intelligent Systems Corp./CompuCorp, 225 Technology Park, Norcross, GA, 30092 (S)
Interdec Data Systems Inc., 2300 Broad River Rd., Columbia, SC, 29210 (S)
Intertrade International Inc., 3001 Rte. 27, Franklin Park, NJ, 08823 (S)
Jude Computer Products, 4901 W. Rosecrans Ave., Hawthorne, CA, 90250 (S)
K & K Merchandise Corp., 62 W. 45th St., New York, NY, 10036 (S)

- Kosmos International, Candler Bldg., 7th Fl., Atlanta, GA, 30303 (S)
Leading Edge Products Inc., 225 Turnpike St., Canton, MA, 02021 (S)
LectroTech Inc., 5810 N. Western Ave., Chicago, IL, 60659 (S)
Mattel Inc., 5150 Rosecrans Ave., Hawthorne, CA, 90250 (S)
NEC America, Inc., NEC Home Electronics (U.S.A.) Inc., 1401 W. Estes Ave., Elk Grove Village, IL, 60007 (S)
Panasonic, Consumer Electronics Group, One Panasonic Way, Secaucus, NJ, 07094 (S)
Personal Software Inc., 1330 Bordeaux Dr., Sunnyside, CA, 94086 (S)
Perpetual Computer Corp., Data Systems Div., P.O. Box 19602, Irvine, CA, 92713 (S)
RTA Corporation, 991 Broadway, Albany, NY, 12204 (S)
RadioLink Electronics, 999 29th St., Boston, MA, 02114 (S)
Sinclair Research Ltd., 50 Shattuck Ave., Boston, MA, 02114 (S)
Sorox Technology Inc., 165 Freedom Ave., Lowell, MA, 01880 (S)
Tatting Co. of America, 2850 E. Presidio St., Long Beach, CA, 90810 (S)
Texas Instruments Inc., P.O. Box 225012, M/S 84 Dallas, TX, 75265 (S)
Toshiba America, Inc., Calculator Div., 2441 Michelle Dr., Tustin, CA, 92680 (S)
Troller Corp., 4445 N. Ravenswood, Chicago, IL, 60625 (S)
Tryom Inc., 235 Mercantile Rd., Beachwood, OH, 44122 (S)
Video Trend, 24611 Crestview Ct., Farmington Hills, MI, 48018 (S)
Zenith Data Systems, Hilltop Rd., St. Josephs, MI, 49085 (S)

Radar Detectors

- Autometrics Inc., 1399 Executive Dr., W., Richardson, TX, 75081 (S)
BELL-Tronics Ltd., 3031 W. Pawnee, Wichita, KS, 67217 (S)
Banco Sales Ltd., Inc., 1341 S.W. 20th Terr., Fort Lauderdale, FL, 33312 (S)
Beamer, 221 Crane St., Dayton, OH, 45403 (S)
CBC Communications Inc., 224 N. Ohio Ave., Wichita, KS, 67214 (S)
Comtel Communications Inc., 6252 W. Oaktron, Morton Grove, IL, 60053 (S)
Controls International, Whistler, 5 Lycane Way, Westford, MA, 01886 (S)
DSC Service Center, Ltd., 4401 Walden Ave., Lancaster, NY, 14086 (S)
Electrolert, Inc., Buzz Buster & Weatheralert, 4949 S. 25-A, Tipp City, OH, 95371 (S)
Fox Marketing, Inc., 4518 Taylorsville Rd., Dayton, OH, 45424 (S)
Genie Industries, 540 Hollywood Way, Burbank, CA, 91505 (S)
GTE Industries Inc., 991 Broadway, Albany, NY, 12204 (S)
Somerset Appliance Canada Ltd., 74 Gervais Dr., Don Mills, Ont., M3C 1Z3, Canada (S)
Weatheralert, 4949 S. 25-A, Tipp City, OH, 45371 (S)

Radios

- Clock
P—Portable
Ta—Table
- Alaron Inc., P.O. Box 550, Troy, MI, 48099 (C, P, Ta)
Arrow Trading Co. Inc., 1115 Broadway, New York, NY, 10010 (C, P, Ta)
Astra Trading Corp., 175 Fifth Ave., New York, NY, 10010 (C, P, Ta)
Avco Financial Services, 620 Newport Center Dr., Newport Beach, CA, 92660 (C, P, Ta)
Avon Electronics Company, 1201 Broadway, New York, NY, 10001 (C, P, Ta)
Bone Corp., 23 Anthony Trail, Northbrook, IL, 60062 (C, P, Ta)
Braun Appliances Co., 281 Albany St., Cambridge, MA, 02139 (C, P, Ta)
Callax, Inc., 15 E. 26th St., New York, NY, 10010 (C, P, Ta)
Chelico Sound Inc., 1432-1440 Randolph Ave., Avenel, NJ, 07001 (C, P, Ta)
Comtel Communications Inc., 22976 Luciana, Mission Viejo, CA, 92708 (C, P, Ta)
Coll Communications Inc., 6252 W. Oaktron, Morton Grove, IL, 60053 (C, P, Ta)
Consolidated Marketing International, 5727 W. Adams Blvd., Los Angeles, CA, 90016 (C, P, Ta)
Cuckoo Clock Manufacturing Co., Inc., 32-40 W. 25th St., New York, NY, 10010 (C, P, Ta)
DSC Service Center, Ltd., 4401 Walden Ave., Lancaster, NY, 14086 (C, P, Ta)
Electro Brand Inc., 1238 N. Kostner Ave., Chicago, IL, 60651 (C, P, Ta)
Emerson Radio Corporation, One Emerson Ln., Secaucus, NJ, 07094 (C, P, Ta)
Enterpres International Corp., 3909 E. Whiteside St., Los Angeles, CA, 90063 (P)
Federal Transistor Co., Inc., 465 S. Beverly Dr., Beverly Hills, CA, 90212 (C, P, Ta)
Futura Star Products Corp., 12, W. 23rd St., New York, NY, 10010 (C, P, Ta)
General Electronics Co., Consumer Electronics Product Dept., Electronics Park, Bldg. 5, Syracuse, NY, 13221 (C, P, Ta)
Gul Industries Corp., 440 Hollywood Way, Burbank, CA, 91505 (C, P, Ta)
Hanabishi Ltd., 39 W. 28th St., New York, NY, 10001 (C, P, Ta)
Hanimax (USA) Inc., 1801 W. Touhy Ave., Elk Grove Village, IL, 60007 (C, P, Ta)
Heritage International, 1280 N. 20th Ave., Plainfield, NJ, 07062 (C, P, Ta)
Hitachi Sales Corp. of America, 401 W. Artesia Blvd., Compton, CA, 90220 (C, P, Ta)
Intertrade International Corp., 3001 Rte. 27, Franklin Park, IL, 60052 (C, P, Ta)
JSD Electronics Inc., 1155 W. Fayette St., Syracuse, NY, 13201 (C, P, Ta)
Kendall Technology Corp., 615 W. 77th St., Miami, FL, 33166 (C, P, Ta)
Kingsoft Corp., 106 Harbor Dr., Jersey City, NJ, 07305 (C, P, Ta)
Lloyd's Electronics Inc., 180 Raritan Center Pkwy., Edison, NJ, 08818 (C, P, Ta)
Magnavox A Div. of N.A.P. Consumer Electronics, Box 6950, 40-W & Draw Plains (C, P, Ta)
Pike, Knoxville, TN, 37914 (C, P, Ta)
Mona Electronics International Co. Ltd., 112 E. 7th Ave., Vancouver, B.C. V5T 1M6, Canada (C, P, Ta)
NAD USA Inc., 675 Canton St., Norwood, MA, 02062 (C, P, Ta)
Nuvo Electronics Corp., 150 Fifth Ave., New York, NY, 10011 (C, P, Ta)
Panasonic Consumer Electronics Group, One Panasonic Way, Secaucus, NJ, 07094 (C, P, Ta)
Quasar Co., 9401 W. Grand Ave., Franklin Park, IL, 60131 (C, P, Ta)
Randix Industries Ltd., 5 Mead Rd., Holbrook, MA, 02343 (C, P, Ta)
Ronco Inc., 1200 Arthur Ave., Elk Grove Village, IL, 60007 (C, P, Ta)
Samsung Electronics America Inc., 2707 Butterfield Rd., Ste. 270, Oak Brook, IL, 60521 (C, P, Ta)
Sanyo Electric Inc., Consumer Electronics Div., 1200 W. Artesia Blvd., Compton, CA, 90220 (C, P, Ta)
Sony Corp. of America, Sony Dr., Park Ridge, NJ, 07674 (C, P, Ta)
Sony Design, 34 Exchange Pl., Jersey City, NJ, 07302 (C, P, Ta)
T2L International Corp., 230 W. Wood Glen Ln., Oak Brook, IL, 60521 (C, P, Ta)
Tatung Co. of America, 2850 E. Presidio St., Long Beach, CA, 90810 (C, P, Ta)
Thomas Sales Corp., 330 Milton Rd. E., Bronxville, NJ, 08816 (C, P, Ta)
Toshiba America Inc., Consumer Electronics Div., 82 Totowa Rd., Wayne, NJ, 07470 (C, P, Ta)
Tyler Software, 13555 66th St., N., Largo, FL, 33541 (C, P, Ta)
Weatheralert, 4949 S. 25-A, Tipp City, OH, 45371 (C, P, Ta)
Westclox, A Tally Industries Co., 520 Gutheridge Ct., Atlanta, GA, 30309 (C, P, Ta)
Windsor Industries, Inc., 10 Hub Dr., Melville, NY, 11747 (C, P, Ta)
York Electronics Corp., 405 Minnisink Rd., Totowa, NJ, 07512 (C, P, Ta)

Scanners

- Channel Master, Div. of Avnet, Inc., Rte. 209, Ellenton, FL, 34248 (S)
Channel One, 79 Massasoit St., Waltham, MA, 02414 (S)
DSC Service Center, Ltd., 4401 Walden Ave., Lancaster, CA, 90220 (S)
Showtime Video Ventures, 2715 Fifth St., Tillamook, OR, 97141 (S)
Transvision Corp., 2100 Redwood Hwy., Greenbrae, CA, 94904 (S)
- Avon Electronics Company, 1201 Broadway, New York, NY, 10001 (S)
Coil Communications Inc., 6252 W. Oaktron, Morton Grove, IL, 60053 (S)
Commodore Business Machines Inc., 3330 Scott Blvd., Santa Clara, CA, 95051 (S)

MERCHANDISING

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A GRALLA PUBLICATION

THE NATIONAL MAGAZINE FOR ELECTRONICS ■ HOUSEWARES ■ MAJOR APPLIANCE RETAILERS

DECEMBER 1982

**On your mark,
get set, sell!**

**The new year
will be the year for**

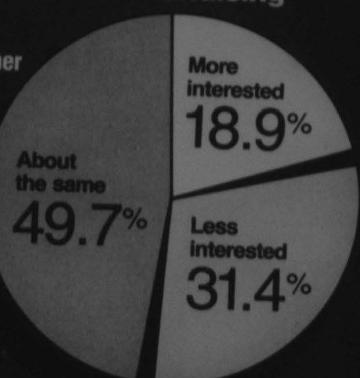
TELEPHONES

...but there are traps to snare the unwary.
Starting on page 39, we'll help untangle the
confusion, introduce the latest products and
give you the tools to get going in the potentially
hottest market of 1983.

Retailers rap rebates

in a peek behind the scenes
of housewares merchandising

What is consumer
reaction to
rebates
this year
compared
with last
year?



(Based on 175 replies)



PRODUCT ANALYSIS:

Manufacturers unveil programs for
1983 in prerecorded video, audiotape,
videogame software & videotape

**Air conditioner vendors
hold back new products following retailers' cool, slow summer of '82**

TRENDINGS IN PERSONAL ELECTRONICS/'82 IN REVIEW

Price declines in 1982 helped games, computers, phones

Buyers are looking back on an unprecedented year of growth in personal electronics fueled largely by videogames and home computers. Hardware and software sales are destined to be even bigger in 1983. And yet another product area is expected to catapult in volume—phones.

Common to the success that all three products have enjoyed has been the decline in prices at retail, which has opened more channels of distribution. Who would have thought that in 1982 supermarkets would be selling \$19 blister-carded telephones, never mind that people would be buying under-\$200 home computers? Yet this has become reality.

Learn from the past

A quick look back over 1982 may help dealers prepare for the challenges emerging in these revolutionary markets during 1983.

Programmable videogame system shipments are projected to jump 152.1 percent, to roughly 5.3 million units shipped this year, according to *Merchandising's* Eighth Annual Statistical and Marketing Report in the August issue. Led by the Atari VCS, the consoles have had strong sell-through at retail.

While in most cases the retail price of the Atari console has not dipped below \$120, other companies have reduced their prices or instituted promotions designed to expand their hardware base.

After a \$50 rebate offer, Intellivision is down under \$150 retail. Odyssey is again offering its successful Buy Three Get One Free promotion of post-Christmas 1981 to kindle interest. Colecovision is being promoted for under \$170 in some stores.

Have hardware besides the Atari VCS and Intellivision become strong enough for dealers to firmly consider? Software manufacturers think so.

Retailers will find that double the 200-plus titles now on the market will soon be available for a number of systems. Software suppliers are already committing to Odyssey 2. And if Colecovision continues to sell well through the first half of 1983, commitments could be made there as well.

The proliferation of hardware into the market isn't over, either. The Atari 5200 arrived in time for the fourth quarter. There may be an Odyssey 3. And Coleco could have a VCS-cartridge adaptor ready in the first half of the year. Rumors are flying that retailers may even see a VCS-compatible, non-Atari console for sale in the first quarter for \$49.95.

Price also dictated the mushrooming demand for under-\$200 home computers. When rebates and promotional giveaways brought prices under \$300 to compete with videogames under \$200, demand took off.

It may only have been Atari, Commodore, Texas Instruments and Timex selling home computers in 1982, but many more vendors will vie for a share of the long-term market next year. Mattel, for one, has just finalized plans to introduce a home computer in the first quarter and add-on memory for its Intellivision game system by the second half.

As consumers start to trade up to personal computers with a higher

price tag, retailers will be able to offer them product from business systems suppliers and Japanese makers. Both groups have deliberately avoided the price-slashing home computer area.

Buyers in 1982 only had to stock a small amount of software to get users going with their systems. This won't be the case in '83.

More retailers will turn to software distributors for help in buying and stocking the best titles. It would be sad to lose software profits after making so little on the hardware.

In phones, the action will be no less intense. American Bell will become a full competitor of independent phone suppliers and dealers as of Jan. 1.

Sears is already launching Phone-Center stores in its outlets, and similar arrangements should follow with other retailers.

Neither phone retailers nor manufacturers, however, seem worried about this additional competition. American Bell advertising, vendors and buyers agree, will only help get their own message across to the consumers.

In this exciting end of the industry, only one point is certain as we close out '82: More phones will be sold next year than ever before. As for who will sell them, it's still up for grabs.



Bill Berlina

HIS NAME IS RUSSELL C. GR AN DUR FEV MISS COIN CHANGE Y

TRENDINGS IN VIDEO/'82 IN REVIEW



Pamela Golden

'82 video sales were strong despite heavy competition

Although most of the excitement in the consumer electronics business this past year was created by videogames and home computers, sales of video products did not exactly suffer.

In fact, when all is said and done, 1982 is expected to be a record year for color televisions, videocassette recorders, videodiscs and video cameras. In the August 1982 issue, *Merchandising* projected that 11,357,000 color TV sets would be sold, while VCR's would achieve a record

1,993,000 units. Sales of color cameras are estimated at 330,000 units and 333,000 videodisc players are expected to be shipped to retailers during the year.

Throughout 1982, manufacturers reported that sales were strong, despite a struggling economy. After all, they pointed out, more and more consumers are turning to home entertainment products to occupy their leisure time. Retailers on the other hand, faced large inventories, small profit margins and declining prices,

problems that forced many to leave the business.

The strongest and healthiest area in video hardware was the videocassette recorder. Both home decks and portables continued to be the mainstay of the video business. Unfortunately, even though sales were very good, rampant discounting continued to cut deeply into retail profits. Many stores were selling units at only a few dollars above their own cost, just to compete with the discount outlet down the street.

To help increase profitability, many dealers turned to video software. However, they quickly realized that it was difficult to make a profit by renting tapes for a few dollars a night. Only accessories appeared to hold their own in the pricing game.

The reason for the discounting, retailers charged, was the high level of inventories held by most hardware manufacturers. Dealers felt that suppliers were essentially dumping product into the marketplace just to clean the pipelines. This alone caused many stores to cut prices.

However, with the pipelines now supposedly clear, both manufacturers and dealers are anxious to stabilize the business so that 1983 will be more profitable.

A bright spot in the VCR business in 1982 was the tremendous popularity of portables. With color cameras expected to achieve a 77 percent increase in sales this year, can portable units be far behind? The entrance of the photographic firms into the marketplace is a strong indicator that portable video has arrived.

JVC is counting on a strong trend towards portables, putting a \$3-million marketing effort behind its compact VHS-C system. (See page 24 for details.)

Videodisc comes into its own

This was also the year that the videodisc player finally began to attract consumers in sizable numbers. RCA should be applauded for its determination and efforts in sticking with the CED system when so many in the industry were skeptical.

Here too, however, price seemed to be the major factor. Sales started to increase when RCA lowered the price of its players, a move that was quickly followed by the other CED suppliers. It appears that videodisc suppliers have realized that the disc is a "razor and razor blade business." It may be that the hardware should be sold at a lower price so that the profits will be made from software sales.

The laserdisc system, which *Merchandising* projected would sell 45,000 units in 1982, gained strength as a result of a broadened software catalog and increased consumer awareness. The continued support by software suppliers is making this system more viable as time passes.

Meanwhile, the color television business continued to hold its own. High-end models proved strong as more consumers became aware of conveniences such as cable-ready capability and remote control.

The product that suffered most during this recessionary period was projection television. According to the Electronics Industries Association's statistics, sales were down 11.7 percent for the first nine months of 1982.

This was not unexpected for an item that boasts such a high price tag. And it is doubtful that even a superb Christmas season can boost this category into the plus column.

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M MONTIIS
OUR WORLD.

ZiMAG™

He's the president of a new consumer electronics company—Magnetic Tape International. If you know the industry, you know Russ Greene. And if you know

Russ Greene, you know what to expect of him: The unexpected.

Under the one brand name, ZIMAG™, Mr. Greene will direct the marketing of a full line of audio and video tape cassettes, computer diskettes and video games of superb quality.

Your first hint of ZIMAG's very special vision of the future will be at the CES.

See Russ Greene and ZIMAG there.

DECEMBER, 1982

Magnetic Tape International, Gardena, CA 90248, a subsidiary of InterMagnetics Corp.
CES Booth 3109 in the Rotunda
ZIMAG is a registered trademark.

PRODUCT ANALYSIS: SOFTWARE

Merchandising

1983 PERSONAL ELECTRONICS

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Game software intros will dominate CES including product for personal computers

By Bill DeSiena, associate editor

NEW YORK—If retailers thought the most recent CES was overrun with videogame software suppliers, they should wait until next month.

Existing manufacturers will be showing new titles. New vendors will be making their debuts. Plus, the base of personal and home computers has expanded to the point where a number of suppliers will be showing game software for these systems too.

One software executive said he wouldn't be surprised if 400 to 500 videogame titles were unveiled in 1983. Nevertheless, most vendors told *Merchandising*, this barrage will only help the industry. A vast selection is just what consumers need to keep them from getting bored.

While fast action games will continue to dominate, a new generation of software will be more strategy- and skill-oriented. In addition, manufacturers are gearing up to make more educational games for the under-18 audience.

Meanwhile, videogame software prices are not expected to come down from current levels, where some titles are priced as high as \$39.95. Only poor-quality "me-too" titles and last year's hits will end up in the discount rack, it was agreed.

Prices for game software for computers should be somewhat lower, however, since cassette and disk formats are less expensive to produce. Software here is being priced at less than \$20 in some instances.

Timing title releases will take on less importance in the year ahead, as the amount of software expands, the suppliers said. What won't change are the huge promotional budgets that accompany the releases.

And what about rumors of shakeouts that have been flying around the videogame galaxy this quarter? The jury on that one is expected to be out at least through Christmas. One software vendor has filed Chapter 11, however.

Vendors multiply

As the hardware base for videogame and computer systems enlarges, more and more manufacturers are entering the market with an expanded number of titles. And that's just what the industry needs right now, said Robert Hunter, vice president, CBS Video Games—an abundance of software choices at the consumers' fingertips.

"Some retailers are complaining that they can't handle the increasing number of titles available, but I don't



PRODUCT ANALYSIS:

SOFT-WARE



400 TO 500 videogame titles could be released in 1983. But most vendors believe this barrage will help the industry. A vast selection, they say, is what consumers need to keep them from getting bored.

think there are enough in the market," he commented.

Dealers thought they had to carry about 20 titles to be a viable source this year. However, Hunter stressed, four to five times that amount will be required in 1983.

CBS Video Games will release about a dozen titles itself next year. Six to 10 of them are sourced or designed in cooperation with Bally/Midway. Four to six will be unveiled for Mattel's Intellivision at the January CES, and will be shipped in February or March. In addition, Hunter said, the company is considering providing software for the Odyssey 2 hardware system as well.

Peter Pirner, senior vice president of marketing, Mattel Electronics, disagreed with Hunter about the merits of a large software supply. "Last year at this time, we ended up with a shortage, with few titles available. As a result, a number of third-party suppliers entered the running," he said.

"Retailers came to the June CES and committed themselves to additional lines to avoid being caught short. When September rolled around, and shipments went out, a glut of inventory appeared," Pirner added. Now, because all titles are not moving equally as well, dealers have been forced to emphasize the best sellers.

Like the record and book businesses, videogames will be carried on a best seller basis by mass merchandisers in 1983, both Hunter and Pirner agreed. The full-service software store, like the record store, will maintain a niche by stocking a wide range of titles.

While Mattel's software direction will still include sports games, the firm will make "major inroads" into the arcade area, and will show arcade-style software at WCES, Pirner continued.

Al Pepper, vice president, Fox Video Games, said he thinks the industry is learning to deal with mounting competition. "A year ago, if you could ship the cartridge, it was a best seller. But we have switched from a demand situation to one of supply now."

"We're not selling a commodity,

but a creative product," he added. "Dealers are no longer forced to buy every line; but instead pick carefully from quality product."

Among the titles Fox will show in the first half of 1983 are *Crypts of Chaos*, an adventure game, and *M*A*S*H*, another addition to its film-licensed line. The company is expanding its base from the Atari VCS to make products for the Atari 400 and 800 home computers, which could be shipped before Christmas. In addition, Fox games for the Commodore VIC 20 and Texas Instruments 99-4A systems could become reality in '83.

Games are ready to teach

Vendors are also ready to introduce education-oriented games to the consumer.

"The industry will evolve gradually into manufacturing educational games," noted David Travis, national sales manager, Starpath.

Starpath, formerly Arcadia, will introduce a sports game in the first quarter which will combine game play with an educational tie-in. In order to get to the next load of the game, the player will have to answer a series of questions correctly. "We hope this idea will appeal to parents who are concerned that their children aren't getting any benefit from videogames," Travis stated.

At the WCES, Starpath will unveil what Travis termed "multi-load" game cassettes. These will have the memory of three or four Atari ROM cartridges combined and will be tied into the Atari VCS through the Supercharger, a memory-expanding interface. The multi-load cassettes will retail for \$17.95 each, "and will meet the consumers' need for a more sophisticated videogame," he said.

Educational games will take a front

(Continued on page 30)

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PERSONAL ELECTRONICS

Full-service dealer provides info and repairs to lure computer buyers back for software

METAIRIE, LA—Personal computers offer "mind-boggling" growth potential to retailers who can offer their customers real expertise, according to Computer Shoppe co-owner Charles Beck.

The 51-year-old Tulane University professor of electrical engineering, who helped launch one of the area's first personal computer stores almost five years ago, emphasized, "The applications of these computers are just without limit." Beck is a teacher of microcomputer hardware and software design as well as a registered professional engineer in the state of Louisiana.

For the past three years, his 5,000-sq.-ft. store has been located in a Metairie strip center on Veterans Boulevard, in the "geometric center" of shopping in the New Orleans area. Small businesses account for most sales, with Commodore, Atari and Apple computers being currently offered.

Besides before- and after-sales support, the Computer Shoppe has also benefited from its repair service, its wide selection of software programs and, recently, a unique advertising deal with a local television station.

Technical knowledge key

But technical knowledge has been the real key to success, Beck stressed, in a market that also boasts close to 20 Radio Shack stores and two Tandy computer centers. Most of the half-dozen full- and part-time salespeople at the Computer Shoppe studied computer science in college.



OFFERING FULL SERVICE draws customers to Computer Shoppe, one of New Orleans' most successful stores. "We're always here to help," says salesman Dean Smart (right).

In-store training consists of "getting a system and starting them working on it," Beck stated.

"We're meeting a need non-specialists can't fill. Helping customers is our only reason for existence," he continued. "Any product that the others heavily discount, we don't want. The store stresses service and support, not the lowest price," although the Atari 400 is "getting to that point."

Added salesperson Dean Smart, "When someone comes in, it's a question of how heavily he will get into programming, and what types of uses he'll need it for. We try to guide

him in the right direction," he said.

"The salesman sits down with the customer at the computer, lets him work a program he would be interested in and gets his reaction," he said. "Sometimes, if he is still not sure, we take him to another model."

After the sale, if the customer has trouble writing a program or needs any other assistance, "we're always here to help," said Smart.

Eight different computers meet different needs, peripherals include six printers and three monitors. Slightly more than half of all systems are sold to small businesses and average around \$5,000, Smart said.

between \$15 and \$40 retail.

The educational game becomes especially important in the computer market, because parents often buy the hardware for their children.

"Pure game play is here to stay, but we must learn to translate it to offer users an educational value besides," said Edward Auer, senior vice president of CBS Software. "Replay and educational enhancement features will hit the parental hot buttons."

"CBS will release such product in 1983," sometime before the June CES, Auer went on. The CBS division has licensed K-BYTE games to be marketed for the Atari 400 and 800 computers. The VIC 20 system is being considered too.

CBS Software will distribute product from both the parent company's education/publishing sources and from independent firms and designers in the field.

Hit game prices won't drop

Although hardware prices of video-games and computers are falling, vendors said this would not affect software prices. Even the rumored debut of a \$49.95 retail VCS-compatible system in the first quarter (made neither by Atari nor Coleco) should have little bearing on software pricing.

"The real profit margin for software is found at the retail level. A \$50 retail VCS-compatible system would

(Continued on page 76)

Professional at-home users account for 30 to 40 percent, with their systems costing \$3,000 to \$3,500 on the average.

In the store, a center display with four systems appeals to home entertainment and educational users willing to spend from \$300 to \$2,000, he said. A typical small business application set-up in a booth includes two disk drives, a green screen monitor and a printer, priced from \$5,000 to \$8,000.

Reputation rests on service

The store has tried to build its reputation on service and support, Smart stated. The sales staff themselves own computers, "so they can talk intelligently and do more than just sell hardware."

Thanks to a full-time service person, repair turnaround usually takes less than a day. Beck has to work closely with manufacturers to avoid parts shortages, however.

The store is a factory-authorized service center for several suppliers, repairman Ashby Sprately said.

With Computer Shoppe for almost three years, Sprately has attended training sessions at the store's expense. But service has helped the bottom line with its \$50-per-hour rate, with at least a 20 percent discount for the store's customers, Beck pointed out.

The store also helps customers become self-supporting by selling a variety of tutorial guides and books. "Customers don't know where to start," Smart reiterated.

When it comes to software, "Games are a big part of the computer field, so we carry a lot, but we try to carry as much business and educational software as we can," Smart said.

The total selection of more than 300 pieces makes the Computer Shoppe one of the largest software dealers in the area. Games comprise about half of the sku's, business and education each take a quarter. One wall holds the Apple programs, with the other software spread around the store.

Margins for hardware and software vary from 20 percent up to 40 percent for books, magazines and some games, according to Beck.

Advertising stresses expertise

Advertising stresses the Computer Shoppe's expertise and its ability to help customers understand and expand their selection. It mentions price only in reference to establishing a range.

Newspaper advertising is concentrated in December, and last year paid off to the tune of 30 Apple II+ family systems sold at \$2,495 each in one month. Part of that success also must be attributed to a \$1,000-per-month Apple-oriented Yellow Pages ad.

Recently, the store spent about \$1,200 to produce a television commercial that is running five or six times a week for two months.

"We're on channel six now with a fairly significant advertising campaign, as a result of the station's wanting an Apple computer system," Beck explained. "We traded. They're using it for scheduling and planning."

The value of the trade-off comes to \$4,500. In return for the computer system, Computer Shoppe's commercial is running during CHIPS, Today, NewsCenter 6, The Tonight Show, Brett Maverick and Chicago Story.

CES PREVIEW

Summer CES outgrows Chicago, may move to New York City

By Pamela Golden, sr. assoc. ed.

LAS VEGAS—The Summer Consumer Electronics Show (CES) may be moving back to New York in 1985 when the New York Convention Center is completed.

According to Bill Glasgow, vice president of CES, Chicago's McCormick Place is no longer large enough. In fact, he said, it now falls about 100,000 sq. ft. short of meeting the show's needs.

In addition, New York is a prime location, he pointed out, offering easy accessibility to international attendees and exhibitors and the possibility of expanded media coverage.

A decision may be made as early as January, at the winter show in Las Vegas.

In the meantime, that winter show, the 27th CES, "will be the biggest and best ever," according to Jack Wayman, senior vice president of the Electronics Industries Association/Consumer Electronics Group (EIA/CEG). This 11th winter show, which runs from Thursday, Jan. 6 through Sunday, Jan. 9, will feature in excess of 1,000 exhibitors.

The show will occupy a total of 625,000 net sq. ft., Wayman noted, with 700-plus exhibitors occupying 525,000 net sq. ft. at the Las Vegas Convention Center alone.

The Hilton Pavilion and Grand Ballroom will provide another 50,000 net sq. ft. of space for 200 car stereo, calculator, phone, watch and X-rated videocassette manufacturers. In addition, another 50,000 net sq. ft. in the Riviera Hotel will be occupied by approximately 100 audio component manufacturers. These vendors, in previous years, were located at the Jockey Club.

Four regulars missing

While there are 175 first-time winter show exhibitors and 115 companies still on the waiting list at press time, four regular exhibitors have announced that they will not be showing their wares on the floor of the Winter CES.

JVC, Sharp, Warner Home Video and MCA Videocassette have elected not to be in the show.

The reason for the JVC pullout, said George Myer, national products manager, is that "we don't have a lot of new products to show. We plan to introduce our new entries later on at our sales meetings." Myer added that JVC has never written a lot of business at the show. Without new products, he said, the CES would not be worthwhile.

Sharp never had any intention of being in this winter's show, although it has been a regular in previous years. The company has re-examined the cost benefits and decided to use the money in other ways.

MCA Videocassette, on the other hand, decided it gets more out of smaller dealers shows. According to Jerry Hartman, director of marketing, "shows like the Video Software Dealers Association (VSDA) conference more accurately address our needs." He added that the CES is an enormous expense and "we would rather put the money into a promotional budget."

Warner did not give a reason, but the firm is moving to its new West Coast headquarters in January.

As in the past, special exhibits will be featured at the show. Among the

favorites is the advertising and promotion showcase, which is designed to look like a retail store. The show displays successful and innovative approaches used at the retail level to advertise and promote consumer electronics products.

The categories included are print, radio and television commercials, special promotions, point-of-purchase materials and other merchandising aids.

The retail resource center features 25 exhibits in areas such as insurance, financing, freight, auditing, computerized inventory control, sales training, advertising and store design.

The international comput-a-match offers attendees the opportunity to check which exhibitors have products available for export. Other special exhibits include the international visitors' center; the CES publication exhibits, which feature 86 publications, and the trade association exhibits.

The conferences and workshops will be kicked off Thursday afternoon

with the CES Outlook '83 conference. This will provide an overview of the relationship between consumer electronics and the economy and will focus on the impact new product categories will have on the industry.

On Friday morning, the audio conference will present panel discussions on home and personal audio and car stereo. The afternoon session will be the CES retail management workshop.

Saturday morning will be the video conference, which will present retailer and manufacturer viewpoints on the hardware and software businesses. That afternoon, the first telephone equipment conference will be held. It will be followed by the CES retail advertising and promotion workshop. The conferences will wind up on Sunday morning with computer/games discussions on hardware and software.

The Consumer Electronics Show exhibits will be open on Thursday in the Convention Center and the Hilton from 10 a.m. to 6 p.m. and in the



Riviera from 10 a.m. to 8 p.m. On Friday and Saturday, the Convention Center and the Hilton will be open from 9 a.m. until 6 p.m., while the Riviera will be open from 10 a.m. until 8 p.m. Sunday, the Convention Center and the Hilton will be open from 9 a.m. until 4 p.m. and the Riviera Hotel will be open from 10 a.m. until 4 p.m.

NEW RELEASES IN GAME SOFTWARE

VIDEOGAME SYSTEMS

ACTION

ATTACK OF THE TIMELORD, Odyssey. Odyssey 2 system-compatible. Voice-synthesis capability. Available this month. Suggested retail \$34.95.

JOURNEY, Data Age. Atari VCS-compatible. Available in mid-January. Suggested retail \$34.95.

M*A*S*H, Fox Video Games. Atari VCS-compatible. Available first quarter. Suggested retail \$34.95.

SPIDERMAN, Parker Brothers. Atari VCS-compatible. Available now. Suggested retail \$27.50.

SPORTS

3-D BOWLING, Emerson. Arcadia 2001-compatible. Available now. Suggested retail \$29.95.

COMPUTER GAMES

ACTION

AZTEC CHALLENGE, Cosmi. Atari 400/800-compatible. Available now. Suggested retail \$9.95 for cassette, \$14.95 for diskette.

CRUSH, CRUMBLE AND CHOMP!, Epyx/Automated Simulations. Cassette available for Commodore VIC 20, Atari 400/800 (32K) and TRS-80 (Level II, 16K). Diskette for Atari 400/800 (32K), Apple (48K with Applesoft in ROM) and TRS-80 (32K). Available now. Suggested retail \$29.95.

MONSTER MAZE, Epyx/Automated Simulations. ROM cartridge available for Commodore VIC 20 and Atari 400/800, on diskette for Apple (48K) and TRS-80 (32K) and on cassette for TRS-80 (16K, Level II). Available now. Suggested retail \$39.95 for ROM cartridge and \$29.95 for diskette and cassette.

PLATTERMANIA, Epyx/Automated Simulations. Atari 400/800-compatible. ROM cartridge available now. Suggested retail \$39.95.

SIDEWINDER, Tronix. Commodore VIC 20-compatible. Available first quarter. Suggested retail \$24.95 for cassette.

II, TRS-80 models I/III. Available now. Suggested retail for cassette \$30, for diskette, \$35.

GALACTIC AVENGER, Cosmi. Atari 400/800-compatible. Available now. Suggested retail \$9.95 for cassette, \$14.95 for diskette.

GALACTIC BLITZ, Tronix. Commodore VIC 20-compatible. Available first quarter. Suggested retail \$29.95 for cassette.

THE CRYPTS OF PLUMBBOUS, Cosmi. Atari 400/800-compatible. Available first quarter. Suggested retail \$9.95 for cassette, \$14.95 for diskette.



SPIDER INVASION, Cosmi. Atari 400/800-compatible. Available now. Suggested retail \$9.95 for cassette, \$14.95 for diskette.

TELENGARD, Avalon Hill. Compatible for Apple II and TRS-80 models I/III (48K). Suggested retail \$28 for diskette.

ARCADE

MOON PATROL, Avalon Hill. Atari 400/800-compatible. Available now. Suggested retail \$25 for cassette.

ZAXXON, Datasoft. Atari 400/800-Apple and TRS-80-compatible. Available first quarter on diskette and cassette. Suggested retail \$39.95.

SPACE

G.F.S. SORCERESS, Avalon Hill. Compatible with Atari 400/800, Apple I/III. Available now on diskette.

EDUCATION

ERNIE'S QUIZ, Apple. Apple II-(48K), Apple II Plus-compatible. Available now for ages 4 to 7. Suggested retail \$50 for diskette.

INSTANT ZOO, Apple. Apple II-(48K), Apple II Plus-compatible. Available now for ages 7 to 10. Suggested retail \$50 for diskette.

MIX AND MATCH, Apple. Apple II-(48K) and Apple II Plus-compatible. Available now for all ages. Suggested retail \$50 for diskette.

SPOTLIGHT, Apple. Apple II-(48K), Apple II Plus-compatible. Available now for ages 9 to 13. Suggested retail \$50 for diskette.

STRATEGY

ANDROMEDA CONQUEST, Avalon Hill. Available now on cassette for Apple II Plus, Atari 400/800, TRS-80 model I/III and Commodore PET CBM. Suggested retail \$18. Diskette version available for above systems except PET. Also available for IBM Personal Computer.

V.C., Avalon Hill. For Apple II Plus, Atari 400/800 and TRS-80 models I/III. Available now on diskette.

The CBS Video

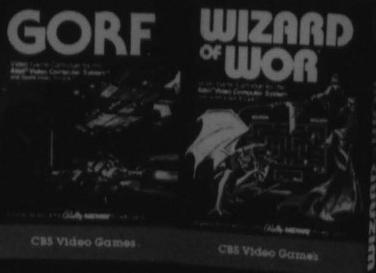
-
1. Start with proven arcade hits.
Both Wizard of Wor™ and Gorf™ are Bally/Midway arcade hits. Wizard of Wor, a challenging, shooting-maze game with a surprise at every turn, and Gorf, a game that's four different challenges in one.
They're the first in a full line of exciting, new CBS Video Games.
 2. Next, create distinctive commercials designed to appeal to the heavy user.
The heavy game purchaser, always in search of more challenging games, looks to television for the best new ones. That's why we created enticing commercials. We put heavy dollars in television advertising and developed a schedule that is sure to hit your best customer—over and over again.
 3. When your customers are not seeing Wizard and Gorf on television, they'll be reading, in detail, about them in specialty magazines. In fact, there will be no escaping the impact of CBS Video Games. Collateral support for Wizard of Wor and Gorf will be coming through every medium including point-of-sale merchandising and traffic-building promotions.

Game plan.



4. The sum total. A big win for everybody.

Because Gorf and Wizard are bound to be this season's video game rage. Just be prepared for the overwhelming demand as CBS Video Games fly off your shelves. And then be prepared for skyrocketing sales and profits—the ultimate goal of our overall game plan.



CBS Video Games

We've put the challenge in our games, and taken it out of selling.

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PERSONAL ELECTRONICS/PRODUCT PICTURE

Interconnect products debut for Motorola's MT500 series

SCHAUMBURG, IL—The Communications Sector of Motorola has launched a line of interconnect systems products using the MT500 series of portable radios. Interconnect is the process by which certain dispatch systems may be interfaced with the Public Switched Telephone Network (PSTN).

Interconnect, said Motorola, provides two benefits to portable communications. With an MT500 Touch-Code radio, the user can access the telephone network. His portable can also be contacted by parties at a telephone.

Several models and components are available. The Touch-Code circuit keypad encodes dual tone multi-frequency tones to access the telephone network or other units in a system. An extension to the Touch-Code keypad, automatic number iden-

tification (ANI), is used to identify the calling party and to control system entry.

Selective Call is a decoder option, enabling the MT500 radio to be selectively called with a two-tone sequential encoder or terminal. Individual and group alerting capabilities are available.

Convera-Com consoles with Touch-Code signalling (with or without ANI) can also be used with the MT500 radios. They allow the user to place calls from the vehicle when the portable is inserted into the console.

WHEELING, IL—The "Lefty" joystick adaptor from Suncom eliminates the disadvantage that left-handed users have when playing with right-hand oriented equipment.

When plugged in between the joystick and videogame, Lefty changes all directional controls so that the player fires with the right hand and controls with the left hand.

The firing button is rotated from the upper left of the controller to the upper right. A sticker inscribed with the words "Lefty Top" is placed at



Suncom joysticks

Phone sports auto dialer in handset

HARBOR CITY, CA—Joining the Pacer cordless telephone line from Pathcom is model 7800D, with a 10-memory automatic dialer in the handset.

Features of the phone include paging from base to handset; an automatic security function to prevent unauthorized use of the frequency in the user's area; a 1,000-ft. range, compact base unit, and two-year warranty.

Model 7800D lists for \$239.95.

Spectravision joystick fits games, computers

NEW YORK—Spectravision's video/computer game joystick, the Quick Shot, is a replacement product compatible with the Atari VCS, Sears Video Arcade, the Atari 400 and 800 computers and the Commodore VIC 20 computer.

The Quick Shot features a two-fire button release system—one on the top, and one on the left side of the base. It also has an easy-to-hold, contour-designed hand grip and a non-skid, suction cup base for one-handed operation.

The suggested retail is \$13.95. It is available now.

Spectravision, 39 W. 37th St., M, New York, NY 10018.

Full-function LCD has built-in radio

COSTA MESA, CA—Innovative Time Corp.'s radio watch is a full-function digital model with an AM radio built in.

Listing for under \$50 suggested retail, the radio watch comes with lightweight headphones or earplugs. Features include an LCD display, alarm and 12- and 24-hour time. The product comes with two batteries and a one-year warranty.

Innovative Time Corp., 350A Fischer Ave., M, Costa Mesa, CA 92626.

Hands-free radio is communicator

OAKLAND, CA—The EasyTalk personal radio communicator makes possible clear, hands-free, two-way conversation for a half-mile or more, said maker Nady Systems.

Such transmission is possible through VOX (voice-activated transmit-receive switcher, with manual push-to-talk option). Two models are now available, and three more are scheduled for WCES introduction.

These models will feature AM/FM radio, cassette player and recorder, duplex (simultaneous two-way) and multi-channel capability. Adjustable boom-mounted microphone, stowable whip antenna, individual volume, VOX sensitivity adjustments and noise-cancelling microphones are also offered.

EasyTalks are nine-volt battery-powered units at 49 MHz band, and have an external battery pack to extend the power supply ten times. The units have FCC approval and no license is required for operation.

Nady Systems, 1145 65th St., M, Oakland, CA 94608.



EasyTalk radio communicators



Interconnect systems

Push-to-talk handset operation offers telephone-like privacy. The cradle holding the portable handset has an internal speaker to alert the user of incoming calls.

Motorola, Communications Sector, 1301 E. Algonquin Rd., M, Schaumburg, IL 60196.

Imagic introduces videogame center

LOS GATOS, CA—A videogame storage center from Imagic holds either the Atari VCS or Mattel Intellivision consoles, along with all accessories.

The storage center holds either 15 Atari-compatible cartridges or 18 Intellivision-compatible cartridges. With simulated wood grain base and a tinted dust cover, the product lists for \$29.95.

Imagic also produces videogame



Imagic videogame console

software for both the Atari VCS and Mattel Intellivision consoles.

Imagic, 981 University Ave., M, Los Gatos, CA 95030.

Appliance controller added for computers

NASHUA, NH—Circuit Science has introduced an electric circuit remote control device that interfaces with personal and small business computer systems for energy savings and security applications.

The CSI-1200 has a serial RS-232 interface that allows computer control of up to 256 lights, wall switches and appliances.

The product can be used with Apple, IBM, Atari, Osborne, Commodore and any computer with a serial interface. It operates in conjunction

with BSR's X-10 remote modules.

The controller receives BASIC commands through an asynchronous serial line port and transmits signals over existing wiring to selected X-10 control modules. Weighing one lb., the unit measures 2 1/4 in. by five in. by 5 1/4 in. The product carries a suggested retail price of \$169.

Circuit Science, 3 Four Townsend West, M, Nashua, NH 03063.



Interfacing appliance controller

Wall-mounted answerer added by Code-A-Phone

CLACKAMAS, OR—Code-A-Phone model 1090 has been termed the industry's first wall-mounted telephone answering device.

It is a combination telephone and message recording device with an integral handset, automatic telephone answering and last-number redial.

The phone has an optional wall bracket kit. The suggested retail price is \$179.95.

Code-A-Phone, 16261 S.E. 130th, M, Clackamas, OR 97015.



Pacer 7800D phone

Checkbook calcs dressed with wallets

KENILWORTH, NJ—A line of checkbook calculators has been unveiled by Aurora. With suggested retail prices ranging from \$18.95 to \$24.95, the calculators come with wallets, purses and pens, depending on each model.

Memory feature will not lose the

stored information, even when shut off.

In the multiple memory models, each memory may be used as an independent record of the various transactions.

Aurora Impex, Building B, Hoiles Dr., M, Kenilworth, NJ 07033.

NEWSLINES

PERSONAL ELECTRONICS

12345

Networking service gives hardware to subscribers

BASIN, WY—The Business Computer Network Corp., a networking service firm, is giving away millions of dollars worth of microcomputers designed for telecommunications use. To be eligible, consumers must become subscribers of the network services the company offers.

A \$295 fee is payable on enrollment; \$65 is deducted by the network service to cover the basic "sign-on" charges and operating manuals provided. The remaining \$230 is prepayment for as many as 40 hours of time and service charges, and can be used at the subscriber's leisure.

The Network Inquirer, a handheld microcomputer, enables access to hundreds of



Subscribers given free computer

public databases by selecting the network desired from a menu and depressing the proper selection number. Databases available include stock and commodity reports, games, educational programming, science and engineering programs, news, agriculture, weather, sports and electronic mail.

The computer operates off of any 120-volt AC power source, requires no external power supply, connects to any standard household TV and RJ-11 telephone connector. It has a 96-character membrane touch keyboard.

EIA computer division chaired by John McDonald

WASHINGTON—The Electronic Industries Association (EIA) has formed a computer division, which will be chaired by John McDonald of Casio. Because computers are a major growth factor in the electronics industry, the EIA "decided to

form a new division geared specifically to the needs of the manufacturers of computers and games, both hardware and software," McDonald said.

Some 15 computer and games companies are EIA members at present, a figure expected to increase with the formation of the computer group. The group will attempt to gather and analyze computer and videogames sales data. A meeting is scheduled for next month's CES.

Apollo files Chapter 11; firm looks to reorganize

LUBBOCK, TX—The first

videogame software casualty may be Games By Apollo, which filed Chapter 11 on Nov. 12. At press time, the company was seeking investors in an attempt to reorganize.

Games By Apollo, headed by president Patrick Roper, was formed in October 1981 as a subsidiary of National Career Consultants, an audio/visual equipment manufacturer. The company began making games for the Atari 2600, with titles including Space Chase.

'Hot 100' Software tracked; video laserdisc game debuts

NEWS BITS...Softsel Com-

puter Products has introduced a weekly "Hot 100" chart listing top-selling software programs. The distributor will provide the chart to dealers, who can use it for planning and as a point-of-purchase tool for consumers. "Hot 100" includes a list of 50 recreational and 30 business programs, 10 utilities and 10 hardware and accessory items ...Shipments to dealers of *Murder, Anyone?*, the first interactive videodisc game, began late in November. Maker Vidmax unveiled the disc with a \$29.95 list price. It is available for laserdisc systems on the market. Players must "crack the alibis" of eight suspects.

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SPRINGFIELD, MASSACHUSETTS 01101

Lots of smart companies have high blood pressure control programs. What about yours?

Uncontrolled high blood pressure is a national health problem. About 26 million workdays and billions of dollars are lost each year because of it.

But high blood pressure can be easily detected and controlled. Proper treatment, every day, can prevent heart failure, kidney disease, stroke and premature death caused by high blood pressure.

Many companies, large and small, have successful on-the-job high blood

pressure programs for their employees and management. Look into it. You can save time and money. And protect your employees' health. To find out the whole story write:

Ms. Judie LaRosa
Worksetting Programs Coordinator
National High Blood Pressure Education Program
Bethesda, MD 20205

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National High Blood Pressure Education Program National Heart, Lung, and Blood Institute, U.S. Department of Health and Human Services

GET MORE ACTION

MORE ADVERTISING.



Atari advertising for 1982-83 will be more than just the biggest in our history, it will be the biggest in video game history.

We'll be spending millions of dollars to bring Atari into virtually every living room in America.

We're putting the most popular video game on the most popular programs including *Dynasty*, *Hill Street Blues*, *MASH* and *The Dukes of Hazzard*.

We've even developed a special two-minute commercial that will be shown in 3500 theaters around the country.

What's more, your customers will be seeing us throughout the year in the pages of the most widely read magazines like *Time*, *Newsweek*, *Discover*, *Omni*, *Playboy*, *People* and *TV Guide*.

We've also got a schedule of radio targeted for teenagers; plus plenty of newspaper advertising to supplement new software and special promotions.

All in all, we'll be bringing your customers the most exciting, imaginative, and intensely exposed advertising that Atari has ever produced.

The kind of thoroughgoing program designed to bring more and more people right into your store.

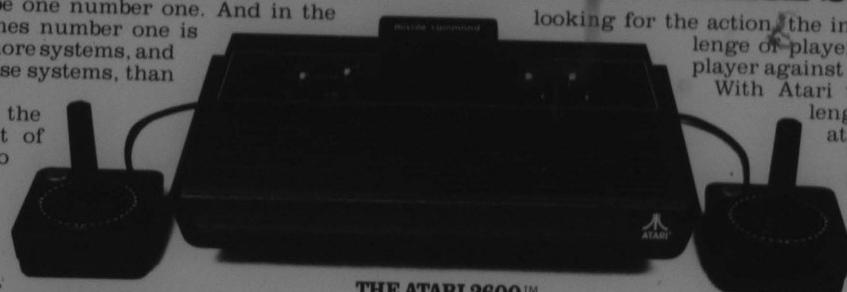
THE WORLD'S MOST POPULAR VIDEO GAME SYSTEM.

There can only be one number one. And in the world of video games number one is ATARI. We've sold more systems, and more games for those systems, than anybody.

We have brought the joy and excitement of video game fun into millions of homes. And there's no end in sight.

All kinds of people buy ATARI video game systems. For themselves, for their children, and for their friends.

And buying an ATARI game system is only the beginning. Once people get started, they can't seem to stop. Can't stop



THE ATARI 2600™

looking for the action, the intrigue, and the challenge of player against player, and player against the computer.

With Atari the action and challenge never stop, because at Atari we never stop.

We have a staff of computer wizards working around the clock creating video magic that will have your customers spellbound. Bringing out new

games like *E.T.*, *Raiders of the Lost Ark*, *RealSports*, and *SwordQuest* to bring you new customers and to keep your present customers coming back for more. And more.

MORE VIDEO GAMES THAN ANYONE.

At Atari we take the game business very seriously. After all, we invented it. That's why we create more games, and better games, than any of the Johnny-come-latelies.

More space games. More adventure games. More strategy games. More games of all kinds.

What's more, most ATARI cartridges come with lots of

game variations and levels of skill. Giving your customers hours and hours of challenge and fun. Repelling alien invaders, zapping robots, unearthing secret treasures, scoring the winning touchdowns.

Plain and simple, Atari customers get their money's worth. When they get it through you, they come back to you.

CIRCUS ATARI®	DODGE 'EM™	OUTLAW™
VIDEO PINBALL™	MATH GRAN Prix™	VIDEO CHECKERS™
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MORE ARCADE CLASSICS.

No one brings the fun of the arcade home like Atari. Which is why no one brings you sales like Atari. We scored big with Space Invaders.TM Launched a craze with Missile Command.TM Had a smash with Asteroids.TM Then watched open-mouthed as millions gobbled up PAC-MAN.TM

And that's not all. Atari also has the other arcade classics your customers crave. Including Defender,TM Berzerk,TM BreakoutTM and Super BreakoutTM.

They're all proven hits that you can't miss with.

So you can be sure that whatever games are driving people to the arcade, Atari will have home versions sure to drive them right into your store.

Atari is bringing you something else to cheer about.

Our new ATARI RealSports.TM The most realistic sports games ever for the ATARI 2600.

The ATARI RealSports season opens this fall with RealSports Baseball, Volleyball, Football, and in 1983, RealSports Soccer, Tennis and Basketball. Each designed to outperform all others.

The graphics are nothing short of spectacular.

RealSports Baseball, with a real-looking diamond and 9 players on a side. RealSports Football, with players who look and move like real players. RealSports Volleyball, on the beach, complete with rolling ocean and setting sun. And



MORE SPECTACULAR GAMES. NEW REALSPORTS.TM

RealSports Soccer, which looks like and plays with all the excitement of stadium soccer.

They play so like the real thing, they're the only games your customers will really want.

And unlike a lot of other sports video games, RealSports gives your customer a choice of playing alone

against the computer, as well as against another person.

They give you a real competitive edge, too. We've backed them with an incredible line-up of television winners. Like the World Series. NFL Football. Plus national magazines like Sports Illustrated, Inside Sports and Sporting News.

New ATARI RealSports. They'll make a real difference.

THE WORLD'S MOST ADVANCED VIDEO GAME SYSTEM.

The video game system of tomorrow is here today. The SuperSystem.TM The new Atari 5200.TM It's a quantum leap forward in video entertainment technology.

To begin with, its graphics are truly state-of-the-art. They are sharper, cleaner, and lots crisper than anything before. With all the complexity and detail you expect to find only in a video arcade.

And coming in 1983 will be an optional arcade-like TRAK-BALLTM controller for the 5200 SuperSystem, plus an adapter that accepts all the classic ATARI 2600 game cartridges.

When it comes to game play, the ATARI 5200 SuperSystem plays like nothing else. Bringing all the frantic fun and excitement of the arcade right into the living room. With its own special library of advanced program cartridges, including classics like Space Invaders, Galaxian,TM and Star RaidersTM ready right now.

With future ones like CentipedeTM and PAC-MAN close at hand.



THE ATARI 5200. The 5200 does more than just improve game play. It also improves the way the games are played. The hand controllers are a revolutionary

new design, giving the player total command. They are the most responsive, most precise, and most convenient video controllers on the market. Featuring a new 360° analog joystick that is truly a joy to use. It's lighter, quicker, more precise.

Plus a twelve-button keyboard, left and right-handed start and reset buttons, even a pause button for stopping the action without ending the game.

The new Atari 5200 is Atari's newest commitment to keeping this business booming.

So if you want your business to boom, remember, nobody helps you do it like Atari.

We give you more of everything than anybody. More games, more advertising, more promotional support, more traffic.

At Atari, we're number one, and we want you to be, too.

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HAVE YOU DISPLAYED ATARI TODAY?

NEWSLINES

PERSONAL ELECTRONICS 123QS

MTI markets videogames under 'ZiMag' brand

GARDENA, CA—Twelve videogames in cassette, cartridge and floppy disk formats will bring Magnetic Tape Inter-

national (MTI) into the game software business in 1983. The dozen entries will be demonstrated at the CES next month, according to president Russ Greene. Eight more titles will be added at the February Toy Fair in New York.

Cassette and floppy disk formats are compatible with the Atari 400/800 and Commodore VIC 20 computers. Cartridge games will work with the Atari VCS, VIC 20 and Sears Tele-Games systems. Products will be advertised under the Zi-Mag brand.

TV and print advertising for the adventure-based games will begin in the second quarter.

Initial distribution will center on electronics, toy and computer stores.

Game titles include Station ZilMag, Wabaloo, Nineball, Inca Sun, Space Mines, River Race and Cat-Nap. Greene also revealed that licenses for other titles are being sought.



MTI unveils 12 videogames

Mattel launches computer priced under \$200 retail

SCOTTSDALE, AZ—Mattel Electronics has entered the home computer arena with the addition of a free-standing keyboard system under \$200 retail. The company also introduced a fully programmable computer keyboard and adaptor modules for use with its Intellivision videogame console.

The free-standing computer was debuted under the Aquarius brand name. Maximum memory capability is 52K. The console features CP/M capability, built-in Microsoft BASIC, 16-color graphics and a 256-character display on the user's TV screen.

Available peripherals include a 40-column thermal printer, a data recorder and the Aquarius Mini Expander. The expander accepts a memory cartridge and game cartridge and comes with two game controllers. Initially, software in education, home management, personal improvement and entertainment areas will be offered.

Mattel has said the system and peripherals will be shipped by the early part of next year.

Computer keyboard and adaptor modules plugged into Intellivision provide a built-in BASIC language. With the add-on components, the user will be able to program his own videogames. The keyboard and modules are expected to come out by mid-1983 under \$150 retail.

Warner Publishing forms computer software division

NEW YORK—Warner Publishing has formed a computer software division. Warner Software, Inc. is headed by Albert Litewka, who started serving as president Nov. 1. The division was formed to develop and distribute software programs for all microcomputers.

Dry Dock offers depositors Atari 800 as interest

NEW YORK—Dry Dock Savings Bank of New York is offering Atari 800 computer systems in place of cash interest to qualifying depositors. If cash interest is desired, depositors can still buy the Atari system at "an extraordinary low price," an ad in The New York Times read. The offer began Nov. 8 and will continue through the year-end.

Depositors are invited to place a minimum sum of \$2,759 in the bank's 3½-year certificate for the Atari 800 Educational and Entertainment System. The Home/Office Management System, the other 800 computer package, is given away with a \$7,083 deposit. But if cash interest is desired, the depositor can purchase the former package for \$896, or the latter for \$2,294.

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MERCHANDISING's grown to serve you, and our 55,800 readers, better! We've expanded our regular coverage (including trendings in audio/hifi, video, personal electronics) to feature vital, monthly reports on today's "hottest" consumer electronics categories:

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MERCHANDISING's additional monthly editorial gives hard goods decision-makers more of the up-to-the-minute news, products and business information they need to keep abreast of the fast-changing consumer electronics industry.

And it gives you a richer, more response-stimulating environment in which to showcase your product message...each and every month!

For details on MERCHANDISING's expanded coverage, and the outstanding advertising opportunity it offers, call your MERCHANDISING representative today.



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LOOKING BACK

Washer demos help machine sales in '32; hifi show moves \$20,000 in merchandise

By Stephanie Flory, associate editor

Fifty years ago, 1932—In-store washing machine demonstrations helped boost sales at Poole Maytag Co., St. Louis. This new sales tactic helped move 97 more washers during the first six months of that year than in any previous half-year period since the store had been open.

"It is not unusual for as many as 125 washings to be done on a Monday morning in the store," Electrical Merchandising reported. "As the week progresses, the number of demonstrations diminishes because Monday is still the nation's wash day," the magazine stated.

The firm did not employ any professional salesmen, but hired "plasterers, carpenters and people who were the most probable washing machine buyers," the magazine pointed out. "These men can talk their sales prospects' language. They know from experience the meaning of wash day drudgery and wash boards."

Elsewhere that year, General Electric held a national contest with \$1,000 in prize money offered to consumers who sent in ideas to improve radio advertising. To enter, customers had to secure an entry form from a nearby GE dealer.

"The purpose of the contest was to lure people into dealers' stores and stimulate interest in General Electric products," Electrical Merchandising said.

Prizes were given away weekly during the month-long event.

Holds hifi show

Twenty-five years ago, 1957—A hifi show, sponsored by Greenley, Inc., Flint, MI, drew almost 19,000 customers in two days. The firm moved \$20,000 worth of merchandise during the 16-hour event.

The five-store operation attributed its success to the following factors:

• The show was held in an auditorium rather than in a hotel. Flint's blue-collar population would like it better there, according to owner Stuart Greenley. In addition, parking was

available near the auditorium.

• Free admission was offered for the show. It was customary in Flint to charge 50 cents admission for such events. Electrical Merchandising said, Greenley's, however, thought that "good will would pay off better in the long run."

• Customers could win \$1,000 worth of prizes. To develop a list of prospective customers, the firm asked people to fill out a card to enter a drawing. "Greenley's mail girl had to get a special basket just to hold the returns," the magazine said.

• Sales meetings during the month were geared to hifi product education. "This was done so that salesmen would not be tongue-tied during the event."

Also in 1957, a photo contest, offered by Harry Snook's, Inc., Charlotte, NC, helped boost appliance volume. Parents were invited to bring in children six months to eight years of age to the store to have a color photograph taken.

Each child was entered in a "personality contest," and was eligible to

win an encyclopedia, table radio or electric train. Electrical Merchandising said, Parents were told to return the following week to pick up their free three- by five-in. color print.

The promotion attracted 1,096 customers into Harry Snook's, and after a week, brought 800 of them back again," Electrical Merchandising said. Customers who did not return to the store for their prints received them in the mail.

The contest "boosted volume, created goodwill by the bucketful, and put fresh names on Snook's mailing list." Total cost of the promotion was \$850.

Air cleaner sales sluggish

Ten years ago, 1972—Sparse retailer promotional efforts were clogging sales of electronic air cleaners. "Though electronic air cleaners seem to have everything going for them, they are not anywhere close to meeting the rosy potential seen for them some years back," Merchandising Week said.

Several retailers reported that they

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ANNIVERSARY**

relied on referrals from doctors to bolster sales. "One retailer said he'd mailed letters to doctors informing them of the availability of air cleaners so they could advise people with respiratory ailments."

One Midwest department store dropped air cleaners from the product mix because "there was no demand for them. People simply don't want to pay the \$100 to \$200 price," a spokesman said.

While air cleaner sales were questionable at that time, cookware volume surged about 15 percent nationally over 1971 figures, Merchandising Week said. Stainless steel sets grabbed the high end of the market while porcelainized aluminum with Teflon interiors captured the low-end business.

And buyers were "selling all the Corning cookware they could get." Deliveries, however, were "slow for this popular item, partly due to demand and also the floods that deluged Corning last June."

Buyers anticipated strong sales of cookware during the Yuletide season. In the East, avocado topped the list of colored cookware sales, but buyers reported that harvest gold tagged close behind.

Advertising has become crucial to a game's success

(Continued from page 30)

only boost demand for cartridges and better games," noted Bob Rice, Data Age vice president of marketing. "Price erosion will only happen with poor product."

Data Age is adding a rock 'n roll videogame to its five titles in January. Called Journey, after the band of the same name, the game will retail for \$39.95.

"Games run a hit parade format," noted software designer Dennis Koble, Imagic. "The games most in demand draw top prices, while the bombs, and top titles that have peaked, slide."

New games for Mattel Intellivision, Atari, Odyssey and the Commodore VIC 20 will debut from Imagic at the upcoming CES.

With all this new software hitting the market, manufacturers believe that the timing of a game's release will become less crucial to its success. Timing the advertising that accompanies it will, however, still be a key factor.

Following a \$10 million media/promotion campaign by Imagic this quarter, the company will change some of its strategies. "We'll release one cartridge per month to the retail market, and back each game up with \$3 million per month," Koble revealed. "The market isn't capable of absorbing six games at once from a company; the dealer is better served by this strategy."

Following Christmas, Odyssey will repeat its Buy Three Get One Free software promotion run last year, taking advantage of Christmas hardware sales.

CBS Video Games will spend heavily from Dec. 20 through the end of January, to cash in on Christmas gift-buying and the heavy-use winter months ahead.

Smaller companies, like Tigervision, have avoided electronic media and focused more on direct promotional aids to dealers. This year,

however, Tigervision will go after consumers through videogame-oriented magazines. Jim Pasco, vice president of marketing and sales, said the firm would release three adventure games in the first half. Following its current King Kong title, Tigervision is planning more licensing ventures next year.

Computer game software suppliers will use consumer computing magazines to get their message across. Epyx plans to spend \$250,000 each quarter. Avalon Hill will provide dealers with new point-of-purchase displays in 1983, and this fall started placing full-color pages in computer publications geared toward the user.

Starpath's ad plans will push the computer game play of its Supercharger and cassette games for the Atari VCS. Dealers can bet that Atari, Coleco, Mattel, Activision and others will also be spending solidly to promote software.

Shakeout is evident

Software firms will come and go in 1983, and the first casualties will be evident after the first of the year. In fact, the first videogame software firm has already reportedly filed Chapter 11—Games by Apollo. Prior to this action, the company had announced its intention to provide software (in addition to that for the Atari VCS) for Atari's 400 and 800 computer models, its 5200 videogame system, the Mattel Intellivision and Colecovision consoles and for Texas Instruments' 99-48 computer. Space Cavern was to have been the first title to be available across the board.

"Manufacturers are using more money to promote videogames than ever before. There are more sources out there," pointed out Fox's Pepper.

"The companies that offer more pre-sell dollars and outspend on a per-title basis will get the business. The retailer has little incentive otherwise to stock a title," he added.

Manufacturers are putting pressure



RETAILERS MAY COMPLAIN that too much game software exists. But CBS Video Games vice president Robert Hunter says there isn't enough at the consumers' fingertips.

on the dealers to buy product relative to the amount of advertising they're offering, continued Starpath's Travis. "A lot of force-feeding is going on right now. We'll have to wait for the June CES to see which vendors are left. Figure on six to eight suppliers staying with videogame software by then."

A small company might have top-quality games, said Imagic's Koble, but their biggest challenge is getting them distributed.

"There are better than 200 titles out there right now. If you don't have the bucks to promote the back up sales, you don't get distribution. This is happening now," he said. "The fallout of vendors will happen sooner than most think."



GENERAL ELECTRIC
STEEL REFRIGERATOR

A KITCHEN ON WHEELS helped stimulate sales of General Electric refrigerators in '32. The Kitchen Coach located sales prospects and opened new avenues of profit for appliance retailers. The company was promoting its line of all steel refrigerators.